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NEWS SUMMARY

ENERAL

Solidarity warned of strike dangers

idarity leader Lech Walesa ned union members that frontation with the Polish ernment could lead to a od bath.

e was touring the south of country, trying to persuade kers not to strike ahead of or peace talks.

Poland lodged its formal lications to join the International Monetary Fund and ld Bank.

o' to ferry aid

Government has refused to vide a subsidy to maintain P & O ferry service between erpool and Belfast. Page 10

outh need hope'

cation needs to adjust to needs of youth who face mployment to avoid tension violence, Unesco's directoreral said.

S. veteran plan

ident Reagan launched a paign to help rehabilitate nam war veterans.

rths warning

h Africa might enforce n control if the "disastrous" n rate among blacks does go down, a senior health stry official said.

rmers' protest

e were shot dead and some wounded as farmers in arashtra, India, protested at state prices for their pro-

xiliary bishops

Pope named Monsignor nas Kevin O'Brien (Middlesgh) and Father John Rawsne (Liverpool) as auxiliary ps.

ones fans clash

were arrested and 10 ed when disappointed ng Stones fans clashed police outside a concert artford, Connecticut.

e's labours

value of the 98-hour week minders work is £204, the and General insurance any estimates. Page 7

arities' gain

ale of unclaimed property money which London's politan police will donate arly 300 charities.

tern promise

operators of the revived Express, due in service summer, expect to recoup £11m investment in four Page 8

en ruffled

Democrat Dr David Owen a student who pelted with tomatoes during a at Sussex University.

ssing down

aigie, Michael Foot's wife, ed "largely political" cris of the Labour Party 's attire on Remembrance y.

e reversal

are hunting two burglars roke into Channings Wood , Newton Abbot.

fly...

lown for the U.S. space 's launch tomorrow at Cape Canaveral.

chess champion Anatoly moved to a 5–2 lead

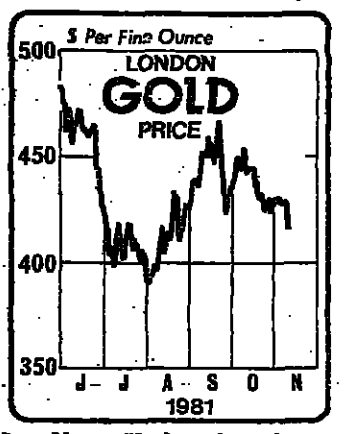
eter Scott launched an a swan" scheme to raise for wildfowl conservation.

elephant was born in nagen zoo.

BUSINESS

Gold at 3-month low; £ off 2.55c

● GOLD fell $14.5 in London to $415, its lowest since August.



In New York, the Comex November close was $412.5. Page 30

● STERLING fell sharply on profit-taking, closing at $1.867, a drop of 2.55 cents, DM 4.165 (DM 4.175) and FFr 10.525 (FFr 10.555). Its trade-weighted index was 89.1 (89.3). Page 30

● DOLLAR improved to DM 2.229 (DM 2.205), SwFr 1.7925 (SwFr 1.775), and Y229.9 (Y226.75). Its trade-weighted index was 107.5 (106.7). Page 30

● GILTS fell sharply as optimism over interest rates weakened. The Government Securities Index lost 0.55 to 62.34. Page 34

● EQUITIES lost ground in sympathy with gilts. The FT 30-share index fell 8.2 to 502.7. Page 34

● WALL STREET was up 1.14 at 856.35 near the close. Page 32

● STERLING M3, the broadly defined money supply, rose by between 1¼ and 1½ per cent in the five weeks to October 21. Back Page and Lex

● ICELANDIC krona will be devalued 6.5 per cent from today.

● SWISS National Bank president Fritz Leutwiler was elected president of the Bank for International Settlements. Page 2

● TEXTILES: EEC member states failed to agree over cheap imports, jeopardising the Community's chances of joining a new Multi-Fibre Arrangement. Back Page

● SHELL UK said BNOC's proposed $1.50 a barrel price rise for Forties field reference crude was too big. Page 8

● UK FARMING and horticulture is losing about £600m a year through equipment corrosion, says Manchester University. Page 6

● COMMERZBANK of West Germany said it would be unable to pay a dividend this year. Page 28

● GRAND UNION, the U.S. supermarket chain owned by Sir James Goldsmith's Cavenham group, was ordered to sell its Colonial stores chain. Back Page

● NORTHERN FOODS launched a £42.7m rights issue to finance possible expansion and acquisitions. Back Page

● COMMERCIAL UNION Assurance reported pre-tax profits down 25 per cent to £60.2m in the nine months to September 30. Worldwide underwriting losses were £98.1m (£39m). Page 22; Lex, Back Page

● WHITBREAD, the brewer, raised pre-tax profits from £35.51m to £38.54m in the half-year to August 29. Page 23; Lex, Back Page

● DE LA RUE, the security printer and electronic equipment supplier, saw pre-tax profits fall 27 per cent to £10.51m in the half-year to September 30. Page 23; Lex, Back Page

F PRICE CHANGES YESTERDAY

: in pence unless otherwise indicated)

			De La Rue	607	− 38
	255	+ 10	General Accident	344	− 8
rpe	182	+ 6	Grand Met.	168	− 7
Sugar	362	+ 10	GKN	154	− 6
	280	+ 10	ICI	280	− 6
:ross	113	+ 7	Kwik-Fit	53	− 13
	225	+ 5	Linfood	167	− 9
:muel	147	+ 5	Metal Box	152	− 6
"A"	91	+ 7	Midland Bank	320	− 8
Inds.	350	+ 15	Northern Foods	146	− 10
y-Hughes	238	+ 8	Peters Stores	76	− 4
			Strong and Fisher	57	− 11
y 11½pc 1989	£83¾	− 1	Unilever	632	− 10
y 14pc '98-01	£87¾	− 1	Westland	105	− 5
1 (A.)	30	− 3	Free State Geduld	£18⅞	− 1¼
	338	− 6	Messina	310	− 25
d	128	− 8	North Kalgurli	75	− 5
nd C'wealth	310	− 5	RTZ	475	− 12
rcial Union	134	− 6	Whim Creek	36	− 8

GLC set to appeal in Lords over ruling on 'illegal' fares cut

BY ROBIN PAULEY AND LISA WOOD

THE GREATER London Council's policy of reduced fares on the capital's buses and underground trains is illegal — and so is the supplementary rate levied this autumn to pay for it, the Appeal Court decided yesterday.

Lord Denning, Master of the Rolls, and two other judges unanimously found that the Labour GLC's "Fares Fair" policy, which cut fares by an average of 25 per cent from October 4, with the shortfall coming from increased rates, was unfair to ratepayers.

The judgment included heavy personal criticism of Mr Ken Livingstone, GLC leader. After the hearing, GLC leaders confirmed that they probably will appeal to the House of Lords and the hearing is expected to start within a week. The decision by five Law Lords would then be final, but the present fares structure will remain for the time being.

The Appeal Court allowed an appeal by the Conservative-controlled London Borough of Bromley against a High Court ruling that the GLC had been within its rights to cut the fares. The GLC order to boroughs to levy an extra rate of 6.1 pence in the pound was quashed.

Lord Denning said: "I realise this must cause much consternation to the GLC and London Transport and they will be at their wits end about what to do. But it is their own fault."

The fares cuts were not within the statutory powers of the GLC and were null and void, he said. Mr Livingstone had no power to tell London Transport to cut fares by 25 per cent. Under the London Transport Act, 1969, the GLC could interfere in London Transport's running only if it was to help

Support for local spending decisions, Page 8
PM backs judgment, Page 10
Editorial Comment, Page 20

provide an "integrated, efficient and economic" service.

The judges found that the GLC had failed to follow the proper procedures in changing fares. These require the GLC, if it does not agree with London Transport's fare proposals, to ask in writing for a revised structure. This was not done. The obligation to ask neighbouring county councils whether they were prepared to help financially was not complied with also.

The judges said the GLC was required by law to maintain a fair balance between ratepayers and the travelling public. The cut was more than fair to travellers and less than fair to ratepayers. It was a gift to travellers from outside London, who benefited from the cuts without having to pay London rates. Thousands of ratepayesr inside London paid the extra rates but never used buses or tubes.

Technically, yesterday's judgment means that ratepayers who have paid their supplementary rate can have it back. But this could not be done administratively before the Lords hearing, which could go the other way.

Mr Ken Livingstone said later the decision was "not a crushing defeat." He was confident that the council would win an appeal in the House of Lords.

But he warned that public transport fares could rise by more than 100 per cent and by up to 200 per cent if the Lords agreed that the council was acting illegally, because the ruling implies that London Transport would have to be run on a break-even basis.

The ruling, said Mr Livingstone, had established "very many worrying precedents" when issues which had been put to the electorate, and for which they voted, were decided on by judges.

Tanker strike expected despite BP moderates

BY PHILIP BASSETT, LABOUR STAFF

CONFUSION persisted yesterday over the national tanker drivers' strike threatened from Monday. There are indications that drivers at British Petroleum may repeat their acceptance of the company's 8.1 per cent pay offer in the second round of voting called by the Transport and General Workers Union.

Despite the speculation about the outcome of the new BP voting, it is widely believed both in thes industry and in Whitehall that the strike could go ahead in some form, though it could be scrappy with action varying from both company to company and region to region.

Some in the industry believe that even if the BP vote is again for acceptance the company's depots may be picketed.

It is also possible that local pickets will ignore the national advice of the TGWU and picket Mobil, which settled in May and is not directly involved in the present negotiations.

Mrs Margaret Thatcher and senior ministers believe that public opinion will be against the tanker drivers if they strike. They suspect the TGWU of conducting the second BP vote to arrive at the conclusion it wants to allow it to stage a political strike against the Government.

The Government is ready to declare a state of emergency and use 12,000 troops to move essential supplies of fuel. Under the contingency plan, codenamed Leadburn, petrol would not be rationed but 4,000 designated service stations would dispense supplies to 16 categories of authorised users, ensuring about 40 per cent of normal supplies.

The proposals make it clear that even authorised users—including police, fire, medical, water, gas and postal services and milk suppliers—could be overriden at local level. The list of designated users was drawn up for a short strike and others, like more food distributors, could be added if it was prolonged.

The final prospects for the strike are unlikely to be clear much before the weekend. The Midlands drivers' committee, for instance, is not meeting until Saturday morning to take a final decision.

Many BP shop stewards and workers were predicting yesterday that the new vote would have the same outcome as the previous one, thought to have

Continued on Back Page
One depot unlikely to halt oil, Page 11

Monopolies test for Argyll bid

BY RAY MAUGHAN

THE CONTESTED £87m bid by Argyll Foods for Linfood Holdings, another retail and wholesale foods group, has been referred by the Office of Fair Trading to the Monopolies and Mergers Commission for investigation under the provisions of the Fair Trading Act 1973.

The reference is being made under the assets criterion of the Act, which can be triggered when assets exceeding £15m are being taken over, but it also enables the Commission to re-examine the question of increasingly concentrated market power in the national grocery distribution industry.

The Commission showed its concern at this growing buying power in its Discounts to Retailers report published last May, after four years of investigation. Despite its apprehension, the Commission decided at that point that the apparent benefits to the consumer were sufficient to offset these problems. It stressed, however, that it would scrutinise all future mergers in the distributive trades.

The OFT has also asked the Commission to report on the existing merger position between the two companies which resulted from Argyll's acquisition of a 20 per cent holding in Linfood from Guinness Peat in September, and on subsequent market purchases which have lifted its total stake to 29.99 per cent.

The reference is not expected to freeze Linfood's proposed £21m disposal of its large, but barely profitable, wholesale division. Argyll, headed by Mr James Gulliver, is strongly opposed to this sale to divisional management on the grounds that it would dilute the merged group's buying power and the benefits of scale, but it can only block the move by winning a simple majority of votes.

Dr David Grant, a director of Argyll, said yesterday: "We are obviously very disappointed indeed and equally surprised at the reference."

The Argyll Board will meet later this week to discuss its course of action but divestment appears unlikely although the bid now lapses. "We have a good strategic stake in Linfood," Mr Webster said.

Argyll's cash offer, worth just over 170p per share, was to have closed yesterday had the bid gone unconditional. Mr Webster said: "The institutions would have walked round with their acceptances just before the 3 pm deadline yesterday."

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Thatcher ignores Paisley outburst

By Margaret Van Hatten in London and Brendan Keenan in Dublin

ULSTER UNIONISTS got short shrift from the Prime Minister yesterday when they voiced their fears and suspicions about the new Anglo-Irish Council and the increasing co-operation between the governments in London and Dublin.

Mrs Thatcher praised the Government of the Irish Republic for its "wonderful" co-operation in combating terrorism and resisted ttempts to push her into a declaration of permanent commitment to the union between Northern Ireland and Britain, or of opposition to the concept of a re-united Ireland.

Northern Ireland would remain part of the UK so long as the majority there wished it, she repeated several times. That was enshrined in British law. But she would not be pressed beyond that point. Nor would be she drawn into attacking the latest spate of IRA murders or terrorism in general.

In replies to questions following her statement on last Friday's Anglo-Irish summit in London, Mrs Thatcher brusquely told Unionist MPs such as Mr James Kilfedder and Mr Enoch Powell that she disagreed with them.

She totally ignored an outburst from the Rev Ian Paisley, who created uproar in the chamber as Mrs Thatcher rose to make her statement. Dr Paisley, who was sitting in a side gallery shouted out that the Prime Minister was a liar and a traitor, and hastily left the chamber. Mrs Thatcher did not give him a glance.

She adopted a more gentle tone in replying to Mr James Molyneaux, leader of the Official Unionists, who claimed that people in Northern Ireland felt betrayed. But, she told him firmly, that Dr Garret FitzGerald, the Irish Prime Minister, and his two predecessors acknowledged that any change in Ulster's constitutional position could be achieved only through the consent of the majority. That represented a great advance on the previous position, she said.

Outlining the points agreed during last Friday's talks, Mrs

Continued on Back Page
Unionists attack plan, Page 10

£ in New York

—	Nov. 9	Previous
Spot	$1.8855-8875	$1.8820-8840
1 month	0.24-0.17 dis	0.22-15 dis
3 months	0.45-0.35dis	0.35-0.25dis
12 months	0.40-0.20dis	0.20 dis-par

Reagan says he will veto Bills against cuts

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT REAGAN announced yesterday that he would not come forth with new public spending cuts until he unveiled the 1982-83 U.S. Federal Budget in January, but that in the meantime he would veto any appropriations Bills passed by Congress in breach of his present Budget plan.

In his first Press conference for six weeks the President called on the nation to "stiffen its spine and not throw in the towel" on his efforts for a long-term reduction in Government social programmes.

He warned Congress, which has not yet acted on his September call for a further 12 per cent cut in spending by all government agencies outside the defence area, that he would veto "any Bill that abuses the limited resources of the taxpayer."

So far, he complained, the 1981-82 money Bills now near completion on Capitol Hill looked like "busting" his Budget guidelines.

This was also Mr Reagan's first Press conference since he conceded last week that the impact of recession made it unlikely that he could reduce the Budget deficit to zero by 1984.

The President spoke as Democratic Party members of the Budget Committee in the Senate, which is controlled by his Republican Party, were accusing him of deceptive and misleading economic policies by making projections that had not been borne out.

The attack was led by Senators Daniel Moynihan and Gary Hart as the Budget Committee awaited word from Mr Reagan on his plans to confront mounting Budget deficits expected because of the recession.

But the President said he would not move from his economic programme of sweeping Budget and tax cuts combined with tight monetary controls.

"I am determined to stick with it and stay on course," he said of his economic plan.

He insisted that spending must be brought under control, since this was the key to righting the economy, and asked: "Who can honestly look Americans in the eye and tell them spending is under control?"

He conceded that the recession had changed some of his Administration's economic estimates, but said the tax cuts which he wanted and Congress approved last summer would help cut unemployment and bring about a general recovery.

"We should see things picking up by spring, or at the latest early summer, of 1982," he said.

Mr Reagan also said he would not consider any revenue-raising measures to balance the Budget until the Buget for the 1983 financial year, starting on October 1 next year, was presented to Congress in January.

He did not favour tax increases to bring the Budget deficit down, and there would be no changes in revenue procedures until the first part of 1983.

U.S. wholesale prices up, Page 4
Carrington praises Saudi plan, Page 10

Tea strike halts Metros

BY ARTHUR SMITH AND JOHN LLOYD

A STRIKE over tea breaks has halted production of BL Cars' Metro and Mini models at Longbridge, Birmingham.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday that the union's executive had given the action its official backing.

Mr Duffy, a strong advocate of reduced working time to combat unemployment, said that the agreement reached with BL last week could not be interpreted to allow the company to cut breaks.

The dispute has come less than a week after the company's success in defeating a pay strike by BL Cars' 58,000 manual workers.

In crisis talks with national union leaders, during the pay dispute, Sir Micheal Edwardes, the BL chairman, indicated "an adjustment in the manner in which we do things." But the Longbridge stoppage undoubtely reflects resentment about the way the company's 3.8 per cent pay deal was implemented.

Union leaders suggest that the management's attitude to tea breaks, which is linked to the introduction at the beginning of this month of a 39-hour

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The executive of the Amalgamated Union of Engineering Workers has said it will make official any strike called at Ford over the 4.5 per cent wage offer. The unions have given the company until Friday to improve its offer. Vauxhall offers 5 per cent, Page 11

Recession corrodes West German-Dutch steel lifeline

BY GILES MERRITT IN BRUSSELS

FOR ALMOST seven long years of steel crisis, the West Germans and the Dutch have stood out against the background of the other recession-hit steel industries in the EEC. Their sound investments in modern integrated steel complexes stood them in good stead.

More important still, the comparatively buoyant West German domestic market for steel and the country's liberal attitude to imports helped shore up other weaker EEC steelmakers. Other Community producers have had about 25 per cent of West Germany's 40m tonne market, and these exports have proved a lifeline.

Now, that desirable state of affairs could, quite suddenly, be at an end. West German and Dutch steel companies have been hit hard by the sustained recession and there is a growing danger that West Germany will be closing its frontiers to shipments of steel from elsewhere in the EEC.

At the centre of this new crisis are the ruins of a Dutch-German transnational merger which once seemed the shape of things to come throughout the EEC steel industry. The 1972 union between the Netherlands' Hoogovens and West Germany's Hoesch seemed so rational—and the companies so complementary — that it seemed the very embodiment of the Common Market in steel.

At its IJmuiden coastal steelworks, not far from Amsterdam, Hoogovens produces bulk steel at Japanese prices. The idea was that its highly competitive steel would be shipped by canal to Hoesch, which could process it and sell it directly on to the Ruhr engineering plants which ring its Dortumund plant. In the boom conditions of the early 1970s, the industrial logic of this arrangement seemed impeccable. Hoogovens pushed ahead with fresh investments which would enable it to triple its original level of steel shipments to Hoesch so that they would run at 1.6m tonnes a year.

The worsening conditions in the European steel industry have made this relationship untenable. Hoogovens and the Dutch Government cannot afford the Fl 488m (£106m) losses which the link-up's joint holding company Estel declared last year, of which it is reckoned in the Netherlands that 75 per cent is attributable to Hoesch. Estel's 1981 losses are estimated at Fl 650m (£141.5m) and Dutch analysts calculate that unless Hoogovens severs its ties with Hoesch, the IJmuiden company will be bankrupted within two and a half years. Hoesch and the Bonn Government have been told that the future of the Dortmund concern is therefore no longer an Estel problem but a West German one.

The difficulty is that the likely West German solution will in turn create a truly European problem. For Hoesch is talking seriously to Krupp Stahl of a co-operation pact which would amount to merger in all but name and Kloekner is also open to discussions on collaboration. The Bonn Government, meanwhile, is pushing for ailing State-owned Peine-Salzgitter to be associated with any Hoesch-Krupp grouping. Should that come about, a new 13m tonnes a year West German steel colossus would be created, with serious implications for other EEC steel producers.

If Ruhrstahl, as the new West German combine would probably be called, does come into being in early 1982, it will require handsome subsidies from Bonn. It is that prospect which is worrying the rest of the EEC steel industry. Hoesch alone needs some DM 4.5bn (£1.07bn) to restructure itself during 1982-87 and the government funding needed to launch Ruhrstahl is almost certain to exceed the DM 5.07bn (£1.21bn) estimate so far made public.

But it is not, of course, the size of the burden to be shouldered by the West German taxpayer that is creating alram outside Germany. It is the likelihood that so much financial aid would inevitably be accompanied by an umbrella of protectionist measures to shelter the new group from import pressures while it reorganises and streamlines itself.

Already, during 1981, West Germany's eight principal steelmakers have found that they can ill afford to continue having their own domestic market regarded as communal EEC property. Imports (from inside and outside the EEC) take up to 40 per cent of the market, and West German steel output has dropped about 8 per cent on the first nine months of last year. Shipments of subsidised steel from the EEC countries have also made the West German market too fragile to tolerate the firm price rises that West German producers say they need just to break even.

Business is bad by West German standards, even though most EEC steel producers who are working at around only 50 per cent of capacity still envy the West German average of 70 per cent. Peine-Salzgitter says that this year it has been losing DM 10m-20m a month and a growing number of more efficient producers are now reporting similar losses. Looming in the background there is, furthermore, the renewed threat of U.S. moves to stem steel exports from Europe. West Germany's steel exports, notably to the U.S. as well as Eastern Europe, have accounted for 35-45 per cent of production and created the market slack that made the imports situation tolerable.

The West German steel industry's response to the worldwide recession has been two-fold. First, the ideological ballast has been thrown overboard. Steel producers are no longer shy about asking the Government for subsidies and various other State aids. Bonn, for its part, is relaxing its tenacious commitment to the free market. A limited subsidy programme, announced earlier this year, envisages grants equal to 10 per cent of the total investment for rationalisation measures.

It was no more than the thin end of the wedge, for the industry is turning now to the solution that has served it well at least twice this century. Concentration through close co-operation and then merger was the defence most leading German steelmakers took against the depression of the late 1920s.

Concentration is proving attractive once again, and is in any case being reinforced by Hoogovens' rejection of Hoesch. It is not that any new grouping would in itself solve the problems of the steel sector, but there is a cogent argument that it would produce a more solid platform for regulated change and rationalisation.

Rejected partner though it is, Hoesch nevertheless has something to offer if it marries Krupp on the rebound from Hoogovens. Krupp Stahl has diversified well into special steels, and its 5.4m tonnes a year output of crude steel would be complementary to Hoesch's sophisticated steel processing and engineering activities.

In recent weeks, the original idea of a collaboration which would cut out any overlap between Hoesch and Krupp has blossomed into talk of full-scale co-operation. So much so, that it is unclear whether or not it would even stop just short of merger. This uncertainty is largely a result of the Bonn Government's intervention in the affair. Suddenly aware that the creation of the Ruhrstahl partnership would in any case need to be financed to the tune of 80 per cent by taxpayers, Bonn has been using those subsidies as an argument to push Krupp and Hoesch into considering a three-cornered alliance which would include Salzgitter.

Both Hoesch and Krupp are reluctant for several reasons. Salzgitter's participation would complicate the already ... task of mutual valuation. ... is an even greater worry ... would introduce ... political uncertainties. ... the Ruhr, where Hoesch ... Krupp are both based, is ... Social Democrat ... North Rhine Westphalia ... gitter is in Christian De... controlled Lower Saxony ... therefore much less sus... to the wishes of the ... Democrat-Free Democr... tion Government in Bo... fear is that a ... Ruhrstahl producing ... tonnes a year, and so ... larger than Thyssen, ... benefit from economies ... but might also be tied ... lessly in knots by ... politicians.

The word in both Bo... the Ruhr now is that the... be a close-knit link b... Hoesch and Krupp Stah... a much looser relat... between the two of the... Salzgitter. Whatever t... cise shape of the new Ru... entity, though, it does n... particularly well for Ho...

Hoogovens is even to... to make a DM 80-100 ... profit on the steel it s... the West German mark... it is worried that the 1... a year or so accountin... third of Ijmuiden's ... which it sells to West ... stockholders could be ... ised if Ruhrstahl's ... signals the onset of prot... measures. And Hoogov... good deal less vulnerab... Europe's much more subsidised steelmakers.

TOP STEEL PRODUCERS IN 1980

(all figures m tonnes)

	1979 ranking	1979 output	1980 ranking	1980 output
Nippon Steel	1	33.47	1	32.93
U.S. Steel	2	26.94	2	21.13
NKK	5	16.15	3	16.15
Finsider group	6	13.75	4	14.3
Bethlehem Steel	4	17.60	5	13.60
Thyssen group†	10	12.65	6	13.15
Sumitomo	8	12.89	7	12.70
Kawasaki group	7	12.90	8	12.68
Arbed group	9	12.47	9	11.99
Usinor group	12	10.46	10	10.77
Estel	11	11.50	11	10.13
Sidebras	16	8.70	12	9.41
Jones & Laughlin	13	10.43	13	8.79
BSC	3	17.72	14	8.4
Republic Steel	15	9.07	15	7.71
Sacilor group	—	na	16	7.57
BHP	17	8.12	17	7.48
Kobe Steel	18	7.58	18	7.43
Iscor*	21	6.92	19	7.00
National Steel	14	9.70	20	6.86
Armco	20	7.25	21	6.62
Inland Steel	19	7.43	22	6.39
Posco	23	5.55	23	6.23
Aelco	25	5.35	24	5.71
Krupp group	24	5.41	25	5.60‡
Kloeckner group†	26	5.00	26	5.50
Ensidesa	27	4.88	27	4.69
Peine-Salzgitter	29	4.35	28	4.36
Voest-Alpine	28	4.61	29	4.33
Mannesmann group	30	4.26	30	4.28
Sidermex group	32	4.08	31	4.04

* Ingots and continuously-cast semis. † Business year not calendar year. ‡ Estimate.

Source: International Iron and Steel Institute

Change of style likely for top BIS job

BY DAVID MARSH

DR FRITZ LEUTWILER, president of the Swiss National Bank, who was elected yesterday to the presidency of the Basle-based Bank for International Settlements, may be expected to bring a change of style to the top job in central banking.

Sharp-tongued and given to occasional irascibility, Dr Leutwiler—described by one of his central bank colleagues as "a crafty old fox"—offers a contrast with the professorial gentility of Dr Jelle Zijlstra, head of the Dutch central bank who will give up the BIS post at the end of the year. He has held the job since 1967.

The style of the BIS itself, however, will not change. The central bankers' bank, which has a balance-sheet of $50bn (£26.5bn), is unlikely to alter the key factor on which it has built its reputation — absolute discretion in carrying out financial transactions for the international central banking community.

The last time that the BIS actively courted publicity was in 1931, just after the bank was set up. This was when the first president, Mr Gates McGarrah, made a radio appeal — unsuccessfully—for common sense over German war reparations. Dr Leutwiler is unlikely to do anything so outlandish.

In the mould of most European central bankers, he mixes monetarism and pragmatism in healthy quantities. The Swiss National Bank allowed the money supply to grow well in excess of its target in 1978 when the franc came under strong upward pressure on the foreign exchanges. Recently the emphasis has been in the other direction — monetary growth has been squeezed almost to zero as the franc has been weak.

Like Dr Zijlstra, Dr Leutwiler is a keen advocate of a monetary role for gold. This is a commodity which the BIS, as keeper of gold for central banks around the world, knows all about. Dr Leutwiler has, however, firmly rejected the idea being debated in the U.S. of a return to the gold standard.

Dr Leutwiler, 57, has said publicly that he want to leave the Swiss National Bank before the statutory retirement age of 65. But he has been persuaded to stay on for at least the three-year minimum term of the BIS job. He believes it would be an inappropriate testament to his central banking skills for him to leave the Swiss financial scene with the country's inflation rate ballooning to a most un-Swiss 7½ per cent.

● Dr Leutwiler: monetary role for gold

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Malta goes to polls next mo[nth]

BY GODFREY GRIMA IN VALETTA

MALTA'S GENERAL election, to be held on December 12, is expected to produce a vigorous campaign between Mr Dom Mintoff's ruling Labour Party and the opposition Nationalists, headed by Dr Eddie Fenech Adami. The island's nascent but active Communist Party has not yet said whether it will fight the election.

The main issues in dispute include Malta's future as a non-aligned country, its relations with the United States and the Soviet Union, and the extent of government power.

Under Mr Mintoff, who has been in power since 1971, Malta has severed all ties with the North Atlantic Treaty Organisation, dismantled British military bases and has tried to distance itself from both superpowers. Relations with the Soviet Union have improved considerably, however, with the granting of bunkering facilities to Soviet merchant ships at a former Nato fuel base, the signing of an accord guaranteeing Malta's neutrality and the establishment of a Soviet embassy.

Mr Mintoff's plan to forge a closer political and economic affinity with Libya, which for many years provided the island with cut-price fuel supplies, proved short-lived when Libya last year intervened militarily to stop Malta's search for oil offshore.

The Nationalist Party basically opposes the stationing of foreign troops in M... wants guarantees fr... Western powers of ... neutral status. Domest... has campaigned agai... nationalisation of banl... and television stations ... communications and ... tinuing advance by the ... ment into ... traditionally the pro... private enterprise.

Reuter adds: Saudi ... lending Malta about ... (£16.5m), Mr Mintoff ... ced yesterday. He sai... would go towards b... new shipyard at ... Harbour. M£4.5m w... used for a desalinatio... and M£1.5m for ... communications.

Death call for leaders of Turksh unions

By Metin Munir Ankara

THE MARTIAL LAW Prosecutor in Istanbul has demanded the death sentence for the entire leadership of Turkey's second largest trade union confederation, the left-wing Disk, according to lawyers.

In an 850-page indictment which took more than a year to complete, the Prosecutor named 52 people for whom he wanted the death sentence. They include Mr Abdullah Basturk, Disk chairman and former Member of Parliament, Mr Fehmi Isiklar, Disk secretary general, and other confederation leaders.

The indictment has not been made public, but it is understood that Mr Basturk and his colleagues are being charged with using the labour movement as a front for overthrowing the constitution by force.

Most of the leaders have been in a military prison on Istanbul's European side since the coup 14 months ago. The date of the trial is likely to be fixed next week when judges complete their study of the indictment.

JEERS GREET MAUROY ANNOUNCEMENT

France raises social security levies

BY DAVID WHITE IN PARIS

THE FRENCH Government, after what appears to have been a tense cabinet meeting, yesterday announced extra levies on both wage-earners and employers to cover a rapidly widening gap in its social security accounts.

The new charges, which met with an initially cool reception from unions and a frankly hostile one from the Patronat employers' federation, go most of the way towards offsetting the FFr 36bn (£3.4bn) accumulated deficit which the Government expects to face for 1981 and 1982.

However, M Pierre Mauroy, the Prime Minister, said the measures were "not the real solution" to the social security problem and announced that he hoped to have a thorough reform of the system ready by October next year.

Addressing a business conference, at which he was jeered on several occasions, M Mauroy said that the Government had to find a solution for the social security deficit before it embarked on planned measures such as the lowering of the retirement age.

The Patronat said that the extra FFr 11.7bn (£1.1bn) being levied on companies would make their competitive position more difficult and put a brake one the creation of jobs. It said the measure was in contradiction with the fight against unemployment and inflation.

An additional 1 per cent levy on wages, which was imposed by the Giscard administration and lifted just before the presidential election, is being brought back. The measure is understood to have been strongly opposed by Communist ministers.

M Mauroy said the Government had opted for higher contributions because the main alternative — an increase in value added tax — would have had a direct impact on inflation.

The increase in employees' contributions is expected to bring in FFr 16.8bn (£1.6bn) with further funds due to come from the recovery of funds already owed by companies and from a doubling of car insurance tax. Economy measures are expected to knock FFr 3.8bn off the deficit.

The steep increase in the deficit results from a renewed escalation in health spending, the loss in receipts caused by higher unemployment, and improvements in family allowances.

After a surplus of more than FFr 10bn last year, recent projections show a shortfall of FFr 7bn this year, climbing to FFr 23bn in 1982. In addition, the Government is due shortly to raise housing allowances, pensions and family benefits.

The overall reform is aimed at changing both the structure of the social security system and its financing basis. At the same time the Government is planning tax adjustments to reduce the impact of the extra charges on labour-intensive industries.

M Mauroy, plunging straight from the cabinet meeting into a hall packed with business leaders, provoked derisive laughter with a rosy description of France's "path of growth," and was jeered later during questions.

Sit-in at Peugeot factory

FANCE'S SECOND biggest car manufacturer, Peugeot, faces severe disruption at its main Sochaux plant following a decision by more than 4,000 workers to occupy part of the factory from tomorrow, writes Mark Webster in Paris. However, workers at the Sandouville factory of the country's leading car-maker, Renault, have ended their two-month-long industrial action which had progressively paralysed production of the Renault 18, 20 and 30 models.

Renault has agreed to the creation of 84 new jobs at the factory and will pay nearly half the wages which the men would have lost through their strike action.

The Peugeot dispute has been brewing for some weeks and concerns demands for increased pay, shorter working hours and a fifth week of holiday as well as reduction in the production rate, particularly in the body shop.

The management of Peugeot is contesting the validity of the vote for occupying the body plant because it concerned only the 4,225 workers in that part of the factory which, in all, employs more than 30,000.

SPD aims to avoid vote on N-missiles

By Jonathan Carr in Bonn

WEST GERMANY'S ruling Social Democratic Party (SPD) will probably avoid a vote at its congress next April on the controversial Nato "twin track" nuclear missiles decision.

Statements by both supporters and opponents of the Nato stand within the SPD show that most feel there is little to gain and much to lose by pushing the issue to a vote.

Instead, the Congress would urge that progress be made quickly in the Soviet-American negotiations on the missile problem, and propose that a special SPD conference be held in 1983 to judge the results of these talks.

The SPD has long been deeply divided over the Nato decision of December 1979, which offered negotiations in intermediate-range nuclear missiles to the Russians but also warned that Nato would deploy similar missiles from the end of 1983 if there was no progress in the talks with Moscow.

Chancellor Helmut Schmidt has said he will resign if his party decides to reject the Nato stand, and it had been widely assumed that the moment of reckoning would be the Munich congress.

However, the start of the superpower negotiations at the end of this month in Geneva implies that SPD opponents of the deployment of new U.S. missiles in Europe are having to reconsider tactics.

It is widely recognised that negotiations cannot be expected to produce results by next April—so that a negative vote at the SPD congress might simply undermine the talks, and drive Herr Schmidt to step down.

That, in turn, would probably bring down the coalition with the Liberal Free Democrats (FDP) and thus destroy what hopes the SPD opponents of the Nato decision still have of influencing government policy.

That does not mean there will be no discussion of security policy at the Munich gathering—nor that some may still try to force a vote on the Nato decision. But the tide of party opinion is moving against them.

Jobs pressure rises as Schmidt meets two sides of industry

BY JONATHAN CARR IN BONN

WEST GERMANY'S Chancellor, Herr Helmut Schmidt, meets trade union leaders and employers today amid increasing pressure for further steps to combat growing unemployment.

In a speech yesterday, Herr Schmidt stressed that the Government was determined to follow a middle course between budget cuts "at any price" and big public spending programmes to try to create more jobs.

However, the Chancellor's own Social Democrat Party is giving mounting verbal support to union proposals involving, among other things, more state investment expenditure and cuts both in interest rates and working hours.

The liberal Free Democrat Party, junior partner in the Bonn coalition, instead favours measures to encourage private sector investment and to reduce the state deficit further.

It proved hard enough to find a balance between the strategies of the two parties during the coalition's efforts at budget consolidation in the summer. It is likely to prove still more difficult now, with the jobless total touching 1.4m or 5.9 per cent of the labour force.

Pressure from the unions has also been unusually strong over the past few weeks.

No union leader can afford to take less than the strongest possible public stand towards government and employers, with the average number of jobless next year likely to rise to an unprecedented 1.7m.

Furthermore, with the annual wage round (for 1982) about to begin, union leaders are under strong pressure from the rank-and-file to obtain a better deal than they managed for this year, when wages in real terms (after inflation) are showing a marked fall.

The debate has also been sharpened by jostling among potential successors to Herr Heinz Oskar Vetter, head of the trade union federation.

Herr Schmidt's talks today are unlikely to bring full accord, still less a firm programme of new measures to combat unemployment. But they are intended to allow all those involved to retreat from public rhetoric for a while, and get to know better the other side's true position.

E. German church urges cut in Warsaw Pact arms

BY LESLIE COLITT IN EAST BERLIN

THE PROTESTANT Church of Saxony, one of the largest in East Germany, has called on the Warsaw Pact to reduce its medium-range nuclear missiles and tanks in order to "build trust in Europe" from the eastern side.

It is the first time East German Protestants have challenged the military policy of the Soviet-led alliance. The challenge has been issued under the influence of the West German Protestant Church's support for the peace movement in Western Europe.

Unilateral steps

The synod of the Evangelical (Protestant) Church in Saxony, which met in Halle, urged the Warsaw Pact to take "unilateral co-ordinated" steps in disarmament "such as reducing the missiles" which are aimed at targets in Western Europe.

It also called on the Eastern alliance to create a "less threatening, defensive" security system by "reducing the numerical superiority in tanks" which the Warsaw Pact has over Nato.

The resolution, issued with those of five other regional Protestant churches in East Germany, will bring the Church into conflict with the East German Communist Party under Herr Erich Honecker. Both sides have been trying to reconcile their differences and the Church has muted its criticism of the Government.

Simultaneously, a synod of the Mecklenburg regional church in Schwerin criticised the growing number of civil defence exercises in East Germany which include first-year schoolchildren. The churchmen called this a "belittlement of a possible nuclear war."

Carrillo move puts party at risk

BY TOM BURNS IN MADRID

THE CENTRAL committee meeting of the Spanish Communist Party that opened in Madrid yesterday marks a milestone in the organisation's 60-year-old history. It will affect fundamentally not just the future of the Spanish party but the viability of the already nebulous Eurocommunist platform as well.

The immediate purpose of the meeting is to consider the expulsion of six committee members, all of them key members of the so-called "renovating" tendency that openly questioned the veteran leadership of Sr Santiago Carrillo at last July's party congress.

The twist is that Sr Carrillo's Draconian purge attempt could boomerang to the extent of reducing the party to a rump of hardline bureaucrats.

The catalyst in the crisis was the decision by Sr Roberto Lertxundi, secretary-general of the Basque Communist Party, to join forces with the Marxist Basque Revolutionary Party and to expand together the radical nationalist coalition, Basque left.

Sr Lertxundi (34) was carrying out the renovators' objective of broadening the party's scope and adapting himself to the peculiar circumstances of the nationalist framework of Basque politics.

Sr Carrillo then sacked Sr Lertxundi and his supporters from the Basque party and reinstated the veteran Sr Ramon Ormazabal, who has been linked closely to the national leadership since the 1950s. In retaliation, a Madrid-based group of renovators endorsed Sr Lertxundi publicly, a defiant action which led directly to the pre-expulsion order before the central committee.

The chain of events did not end there. Sr Carrillo was forced subsequently to suspend the local committees in Salamanca and in Valladolid who came out in support of the renovators. More seriously for him, the Andalucian party, which has considerable weight in the national organisation, decided to oppose the expulsions.

At its crudest, the witchhunt instigated by Sr Carrillo has its origins in a generational conflict. With the exception of Sr Manuel Azcarate, the party's chief foreign affairs spokesman, the dissident renovators are all in the 30-40 age group and were among the leaders of the student movement against Francoism in the 1960s.

Their criticism is directed on one level at the gerontocracy that has directed the party fortunes for more than three decades. At an ideological level, they call for a thorough commitment to the official party line of Eurocommunism. This is translated into a more profound critique of Eastern European socialism that goes further than Sr Carrillo's "independence from Moscow" strategy, and into a broadening of the Communist movement to embrace a greater spectrum of left-wing dissent.

Numeiri to fight middle aged spread in Sudan

By Alan Mackie, recently in Khartoum

PROMPTLY at 8.30 am on Thursday the tour began. After a short homily on the need *to counter backsliding and* negligence. Mr Gaafar Numeiri the President of Sudan, began an impromptu inspection of the Presidency offices in Khartoum *with a horde of local and* foreign pressmen clattering in train. Then into University Street, where a handful of motorists watched bemused as their President strode across the road into the Ministry of Commerce, where the inspec*tion ended.*

It was all good theatre. What it will do to change the slothful habits of the Sudanese Civil Service is debatable. More *importantly it signalled to the* world that, for all the talk of Libyan hit squads, Mr Numeiri felt free to wander around the centre of his capital with the minimum of fuss. It also gave the lie to any suggestion that the assassination of his close *ally*, President Sadat of Egypt, together with his indifferent health and more than a decade of managing this sprawling country, had broken his will to continue.

Mr Numeiri is no stranger to the instability of power. He has survived more than a score of coup attempts. At the same *time, the task he now faces in* steering Sudan from bankruptcy and fighting the "middle aged spread" of a regime in danger of becoming just a little too set in its ways, is certainly more complex than the skilled balancing act he has performed up till *now in reconciling tribal and* sectional interests.

Apart from the running sore of the civil war in neighbouring Chad, he has—given the turmoil *on his borders—achieved re*markable stability. M Numeiri has made his peace with Col Haile Mariam Mengistu, the Ethiopian leader, following Ethiopian accusations that Sudan had helped Eritrean rebels in Ethiopia.

The internal pressures on Mr Numeiri, brought sharply into *focus when he sacked his entire* cabinet on Monday, are a complex mix of old and new elements.

Although the Communists have ceased to be a credible force in the country since their abortive coup in 1971, the same cannot be said of the Ansars, the followers of the *Islamic nationalist* Mahdi, who mounted a Libyan-backed coup in 1976, which very nearly toppled Mr Numeiri.

In the ensuing truce, Mr *Sadek Al-Mahdi, the Ansar's* leader, undertook to eschew violence and work for change within what Mr Numeiri promised would be an increasingly *democratic system. However,* the Ansars were not offered any worthwhile positions in the Government and the military hold on the Government has *not lessened.* Mr Sadek used Mr Numeiri's support for the Camp David peace process as a pretext for resigning from the Sudan Socialist Union (SSU)—Sudan's only political party — in October 1978 and has since sat on the sidelines.

The *Muslim Brotherhood*—which until now has opted to work within the SSU—is unhappy with the Camp David accord and the Egyptian-*Israeli peace treaty.*

The Muslim Brotherhood wants the Islamic "Sharia" law to be the sole basis of Sudan's legal system. Mr Numeiri has resolutely resisted this demand. It would destroy the trust the predominantly Christian or animist south of Sudan has in him for ending the 17-year civil war between north and south, and adhering to the 1972 Addis Ababa peace agreement, which *gives the south self-rule.*

But even Mr Numeiri's special relationship with the south is now being called in question by the dissolution on October 5 of the *southern region's People's* Assembly and its replacement by an interim government headed by a northern Moslem, Gen Gasmalla Abdallah Rassas. The move coincided with the dissolution of the National People's Assembly in Khartoum *to make way for a major shift* of power to the regional assemblies. New elections for a slimmed down National People's Assembly of 151 members against 367 in the old assembly will take place before December 4, according to the Presidency.

Mr Numeiri's ambiguous intentions over introducing real democracy are obscured by the country's parlous economic position and the need to keep a tight rein on security, especially in Khartoum.

The introduction of an open door policy over the past year to attract workers' remittances from abroad and foreign capital is already producing worrying disparities of income. The problem is compounded by an actual decline in real incomes under the effects of zero growth and a 2.9 per cent annual increase in the population.

The danger may be that Mr Numeiri is already too isolated to engage the people's support as he once could. He sees the military as a natural participator in Government. But others note that Mr Numeiri's appointment of military figures as his closest advisers is a tacit admission of his own insecurity.

Libya campaigns against Saudi peace plan

BY IHSAN HIJAZI IN BEIRUT

LIBYA has embarked on a campaign to stop the Saudi eight-point plan for a Middle East settlement from being presented to the Arab summit conference *due to be held in Fez, Morocco,* later this month.

Major Abdel Salam Jalloud, the second-in-command in the Libyan regime, has said that *Crown Prince Fahd's plan* should be set aside to avert a major inter-Arab split.

He was quoted by Jana, the State-run Libyan news agency, as saying yesterday: "The plan put forward by the Saudi crown prince is an American *scheme in substance.* Therefore, we ask that it be withdrawn to preserve the unity of the Arab nation and avert serious consequences.

"Those who are trying to speak in the name of the Palestinian cause by offering *falsified solutions must leave* the matter to the Palestinian revolution."

Major Jalloud's remarks coincided with the summit *conference in Riyadh of the* heads of state of six Gulf nations, members of the Gulf Co-operation Council.

The leaders of Saudi Arabia, Kuwait, the United Arab Emirate, Qatar, Bahrain and Oman were expected to take a decision *on bringing the Fahd plan before the Fez summit meeting.*

The Crown Prince had called for the establishment of an independent Palestinian state in the Israeli-occupied West Bank and Gaza Strip *in exchange for* recognising the right of all nations in the region to live in peace. This, it was assumed, covered the state of Israel.

*Libya leads the Arab rejec*tionists states, who accept nothing less than the dismantling of Israel. A year ago Saudi Arabia broke off diplomatic relations with the Libyan regime of Col. Muammear Gaddafi after the latter had sharply criticised the deployment of U.S. Awacs radar aircraft on Saudi soil.

The Libyan Government has been pressing for an emergency meeting by Foreign Ministers *of member states in the hard*line "Confrontation Front" comprising Syria, Libya, South Yemen, Algeria and the Palestine Liberation Organisation.

Beirut's pro-Libyan daily newspaper As Safir said yesterday the Foreign Ministers may *meet in advance of the Arab* conference to take a unified decision on the Fahd plan, and on the expected presence at the summit of President Gaafar Numeiriy of Sudan. Major Jalloud asked that Mr Numeiri should not be invited to the meeting.

Palestinians continue West Bank protest

BY DAVID LENNON IN TEL AVIV

PALESTINIAN PROTESTS against the Israeli occupation continued in East Jerusalem and the West Bank yesterday, despite a tough clampdown by the Israeli security forces following more than a week of demonstrations.

Most shops and many schools in Arab East Jerusalem were closed yesterday in protest against the appointment of an Israeli civilian administrator in *place of the West Bank mili*tary governor, and the indefinite closure last week by Israel of Bir Zeit university, the largest university on the West Bank.

The Palestinians fear that the appointment of a civil administrator is the beginning of an Israeli attempt to create the impression that the military occu*pation has been ended, while* they continue in fact to live under Israeli army rule.

Mr Ariel Sharon, the Defence Minister, said that *separating the military and* civilian aspects of West Bank rule should encourage more Palestinians to join in the administration of their own affairs. The Palestinians have rejected this as an Israeli attempt *unilaterally to impose* autonomy, which they regard as a ploy designed to prolong the occupation under a different guise.

The Minister also warned that there would be a tough crackdown on anti-Israeli elements and those who encouraged terrorism. Yesterday Israeli forces were out in strength in East Jerusalem and the West Bank town to control the protests. They broke up *a schoolgirls'* demonstration in Jerusalem and arrested two youths who were trying to fly the Palestinian flag.

Israel yesterday began to *crack down on West Bank* public figures which it regarded as being involved in, instigating or encouraging the protests. The editor of one Arabic paper was *arrested, as was a member of* the El Bireh local council.

Wage accord sought for Australian metals trades

BY PATRICIA NEWBY IN CANBERRA

EMPLOYERS and unions in*volved in Australia's metals* trades begin talks this week on wage negotiations which could bring a measure of industrial peace to this strike-prone sector.

The metals trades unions have been among the most disruptive in the past year in their *fight for a five-hour reduction* in the 40-hour working week. It has been estimated that over the past year as much as 20 per cent of the 400,000-strong metal trades workforce has been on strike on any given day.

Encouraging signs are emerging from two other disruptive *groups, the oil refinery* workers and dockers. A national port stoppage was averted yesterday by an agreement which will guarantee *wage rises for dockers.*

The Waterside Workers Federation and the Association of *Employers* of Waterfront Labour said they would examine ways to prevent or eliminate stoppages. The co-operation has been heralded as *a new approach to waterfront* industrial relations, which have been among Australia's worst.

In the oil industry a "facilitator" has been appointed to *step in when industrial disputes* become bogged down between Caltex and its refinery operators in New South Wales.

The appointment of a troubleshooter to handle problems on site before strikes occur was agreed upon last week when a *strike at the country's biggest* refinery, Kurnell, in Sydney, led to petrol rationing for the fourth time this year.

M Jobert . . . cancels meetings

Paris anger at Peking sentence for fiancee

By Tony Walker in Peking

THE FRENCH Trade Minister, M. Michel Jobert yesterday *cancelled* several meetings with Chinese officials when he heard the news that the Chinese fiancee of a French diplomat had *been sentenced to two years* re-education through labour.

Deng Xiaoping, China's Vice Chairman, at a meeting yesterday with M Jobert, *reportedly described* the sentencing of the girl as a "regrettable coincidence," on the eve of the Minister's arrival.

Li Shuang, a 25-year-old artist, who had been living with French diplomat M Emmanuel Bellefroid, was arrested in September as she was *emerging from a block of* flats in one of Peking's diplomatic compounds.

The couple planned to marry last month, but Miss Li was held without trial for almost two months until her sentencing last week. Under Chinese law, no court case is required for two-year sentences of re-education through labour.

No report of the case has appeared *in Chinese news*papers, and the French embassy in Peking has been given no reason for the harsh penalty. M Bellefroid *left Peking* on October 23 for Paris and is expected to take up a posting in Hong Kong. The French ambassador has raised the Bellefroid case with the Chinese authorities on several occasions, without success.

According to French diplomats, a senior Chinese official has accused M Bellefroid of acting as an intermediary between Chinese dissidents and the *outside* world. M Bellefroid had described his fiancee, a member of an avant-garde artistic group, as "apolitical."

Since the closure of Peking's democracy wall several years ago, the Chinese authorities have systematically mopped up most dis*sident activities, arresting* some 50 people and banning unofficial publications.

The Bellefroid case appears to have overshadowed commercial discussions during the Jobert visit. The French secured an undertaking that the Chinese were still interested in the purchase of two nuclear reactors and in further co-operation on oil exploration. Two French companies, Total and Elf Aquitaine, are involved in joint ventures in the Bohai Sea, North China, and in southern Chinese waters.

Chad troops talks

Foreign Ministers and *military experts from six* African nations meet in Lagos tomorrow to discuss the deployment of a peacekeeping force in the central *African republic of* Chad, following the withdrawal of Libyan forces, AP reports from Lagos.

Wholesale prices at six-month hi

BY DAVID BUCHAN IN WASHINGTON

HIGHER LIST PRICES for 1982 model cars provided the main impetus in raising U.S. wholesale prices last month by 0.6 per cent, the biggest monthly *increase since April and triple* the September rise of 0.2 per cent, the Government reported yesterday.

The apparent inflation acceleration in October was seen more as the result of a quirk in measuring car prices rather the cause of serious concern to the Reagan Administration, pre*occupied with the impact of re*cession on its budget plans.

Last month's wholesale price rise was larger than many observers expected. But officials said it could be put down almost entirely to the fact that the September figures included car price discounts at the end of the 1981 model year, while the October index took the new 1982 list prices at face value, even though few cars are actually being sold at this level.

In contrast, wholesale food and energy prices fell last month. Petrol prices rose in October for the first time in six months, but this was more than *offset* by a decline in heating oil prices, and thus the wholesale energy price index fell slightly overall.

The current downturn in interest rates indicates the financial markets' belief that inflation is inevitably abating with recession, even though consumer prices showed a surprise upturn in September with a 1.2 per cent rise. October retail price figures are due later this month.

Wholesale price trends are an indication of what consumers will shortly have to pay in the shops, and government figures released yesterday on wholesale prices further back in the supply pipeline contained some hopeful signs. The index for *intermediate goods showed* no change in October, while the index for raw materials fell 1.7 per cent, the third successive monthly decline.

Recession coupled with a falling inflation rate puts a double squeeze on the Federal budget, as unemployment compensation swells payments and a slower rise in the nominal level of personal incomes and corporate profits reduces what the Government has to tax.

President Reagan has conceded that the current recession has made it near-impossible for him to fulfil his election promise to reduce the federal budget *deficit to zero* by 1984.

The President's concession of defeat on this score has met mixed reaction on Capitol Hill. Democra[ts] in both Hous[e] expresse[d] wry amus[ement] while the [m]inority Repu[blicans] in the Ho[use] of Represen[tatives] have sig[hed] with relief [because] they belie[ve] that further [spend]ing cuts a[nd] any tax inc[reases] now migh[t] danger thei[r chances] at the Nov[em]ber 1982 ele[ctions].

But the [Re]publican ma[jority] leaders in [the] Senate seem [bent] on a final [att]empt to [rescue] their Presi[dent]'s balanced [bud]get pledge [from] oblivion. [They] presented t[he] White Hous[e last] week with [a p]ackage of [con]troversial [au]terity meas[ures] raising taxes [and] cutting s[pend]ing by $163[bn] over the [next] three years.

The Adm[inist]ration is [re]ported to be [cool] to this [last]ditch plan a[nd p]articular[ly to] the prospect [of] [try]ing to g[et it] through the [D]emocrat[-con]trolled house.

B-1 'could hit Russia into 1990s'

WASHINGTON, — *The heads* of the U.S. Defence Department and the Central Intelligence Agency (CIA) told Congress yesterday that the B-1 bomber sought by the Reagan Administration would be able to penetrate Soviet air defences "well into the 1990s."

Mr Caspar Weinberger, Defence Secretry, and Mr William J. Casey, CIA director, *said in a joint letter to key* Senators and Congressmen that their conclusion was based on "tests against advanced technology air defences."

Critics of the B-1 have been making capital out of a previous statement by Mr Weinberger that the bomber would not be able to survive against Soviet air defences any later than 1990.

Air Force officers, on the other hand, have testified that the B-1 would be able to penetrate Soviet defences into the middle of the next decade.

The letter reached Capitol Hill as the Senate subcommittee on defence *appropriations* worked on a military spending bil lthat exceeds President Ronald Reagan's budget request by $7.1bn (£3.76bn)

AP

Limited N-war feasible, air force general says

DAVENPORT, IOWA — The commander of the U.S. Strategic Air Command, General Bennie *Davis, said yesterday* that although he thinks a limited nuclear war is feasible, he and others in uniform are committed to avoiding such a confrontation.

Gen Davies said: "One can conjure up a scenario where there could be use of small *tactical nuclear weapons." This* could occur without forcing the super-powers to trigger their strategic nuclear arsenals.

Gen Davis urged support for *President Reagan's proposed* arms build-up, but said the ultimate goal was to reduce nuclear arms. "All this must lead to, in the end, nuclear arms reduction."

Meanwhile Mr Richard Allen, Mr Reagan's National Security Adviser, said that European opponents of U.S. stockpiling of the neutron warhead are disrupting the transatlantic partnership.

In an *article in the* U.S. Strategic Institute's quarterly, Mr Allen said the U.S. was determined to counter a Soviet build-up directed against *Western* Europe by pressing for deployment by the North Atlantic Treaty Organisation of theatre nuclear weapons and accelerating development of the U.S. rapid deployment force.

"Some Europeans who challenge Reagan's position may be sincere but perhaps do not recognise the purpose they serve," Mr Allen added.

AP

Taiwan sales denied

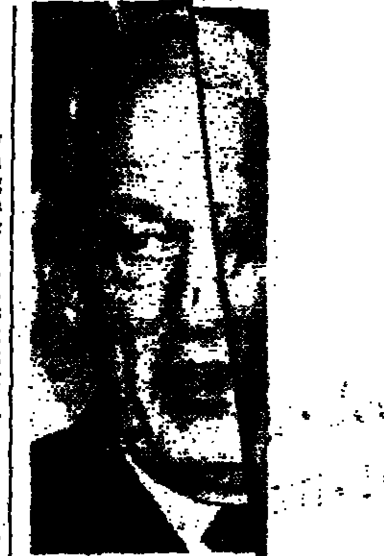
NEW YORK — The State Department said yesterday it was not aware of any decision to approve the sale of advanced fighter aircraft to Taiwan. The department was commenting on a report that such a decision was "close."

The report, in the New York *Times, quoted a Republican* official as saying the sale could proceed in steps, with Taiwan first buying Sidewinder missiles and radar systems for the F-5E *Tiger, as well as sophisticated* ground defence weapons. Later, it would be allowed to produce the advanced F-5G Tigershark.

The newspaper noted that Peking had recently reduced diplomatic ties with the Netherlands because the Dutch sold Taiwan a submarine and had threatened to take similar *action against* Washington.

F-5s would allow Taiwan to strike the Chinese coast but are more limited in range than the F-16.

Reuter



Mr Levesque: promise

Levesqu[e] snubs m[ove] by Ottav[va]

By Robert Gibbens in

MR RENE LEV[ESQUE], *separatist-minded Pr[emier of]* Quebec, has rebuffed [a] last-minute attempt to [win] support for the Canad[ian con]stitutional proposals [agreed] *last week between* M[r] Trudeau, the Federa[l Prime] Minister, and the oth[er] provincial premiers.

Speaking to the National Assembly [yester]day, Mr Levesque add[ed that] the province could [boycott] meetings between fed[eral and] provincial ministers [except] those directly linked [to] economic and financ[ial in]terests. An advertisi[ng cam]paign would be la[unched] against the agreement.

Mr Levesque do[es] object to the key sec[tions of] the agreement which [would] end the power of the [British] Parliament to amen[d the] Canadian constitutio[n and] vest it instead in C[anadian] institutions. But he [objects to] the accompanying pro[visions to] guarantee minority ed[ucation] rights which cuts [across] Quebec's laws giving [priority] to French.

In his speech Mr Le[vesque] said other counter m[easures] would be announced so[on but] he gave no details.

It has been suggest[ed] he might ask Quebec[ers to] reject the constitutiona[l pack]age by means of a r[eferen]dum, or by a snap e[lection].

But his Parti Qu[ebecois] could not be certain [of win]ning a referendum in t[he face] of a strong federalist [cam]paign, nor is it assu[red of] carrying its case in a st[raight]forward election.

Mr Levesque has [been] striving to win "[special] status" for Quebec a[s the] home of the French-sp[eaking] minority in Canada. Th[e con]stitutional package [could] arrest progress made

Trinidad and Tobago's ruling party wins landslide victory

PORT-OF-SPAIN—The ruling People's *National Movement* (PNM) won a landslide victory in yesterday's general election in Trinidad and Tobago.

With only a few voting districts unreported, the *PNM was* assured of 27 of the 36 seats in the House of Representatives, according to unofficial returns. However, there was no imme*diate victory claim from Prime* Minister George Chambers, who became the party leader when Dr Eric Williams, the nation's only previous Prime Minister, died in March.

The Movement had 24 seats in the last legislature.

Mr Karl Hudson-Phillips, of the Organisation for National Reconstruction, who had been billed as Mr Chambers' biggest threat, suffered a humiliating rejection. The organisation *did* not win a seat.

The unofficial returns gave the Democratic Action Congress faction of the Alliance Party *the two seats representing the* island of Tobago, where 50,000 of the nation's 1.2m people live. The alliance's United Labour Front appeared likely to win the remaining seven seats.

The National Joint Action Committee, led by a former activist in the Islands' 1970 black power demonstrations, failed to win a seat.

Official returns were due to be certified yesterday.

Voting, which took place on Monday, was reported to be peaceful and orderly.

Mr Chambers: ran on party's accomplishments

Mr Bertel Gittens, of the elec*tion commission, forecast* a record vote of more than 75 per cent of the 730,000-strong electorate. But the turnout dropped off sharply in the afternoon, and *officials said the total* was probably close to the 56 per cent that voted in 1976.

Mr Chambers and the PNM ran on the party's record of accomplishments in 25 years *of* rule, including independence from Britain in 1962, free university education and bringing banking an insurance industries under *local control.*

The opposition parties accused the movement of perpetuating inefficiency, corruption and waste which they said had increased during Dr Williams's time in office. Mr Chambers had said he would correct the problems, but had made little progress in his seven months in power.

Trinidad and Tobago, off the northern coast of South America, have enough oil and natural gas for energy self-sufficiency.

But the nation is plagued with such problems as malfunctioning telephones, poor water, power and transport systems

Agencies

IMF loan will give 'tremendous boost' to Indian economy

BY K. K. SHARMA IN NEW DELHI

THE APPROVAL of India's application for a three-year loan of SDR 5bn (about $5.7bn) *by the executive board of the* International Monetary Fund (IMF) was yesterday welcomed by the Finance Minister, Mr R. Venkataraman, who said it would give a "tremendous boost" to the Indian economy.

The loan will tide the Government over a crucial period, when its balance of payments position would otherwise have been tight because of a heavy oil import bill. The period will *be used to make structural* changes in the economy to reduce the current account deficit, estimated this year to be Rs 33bn (£1.91bn).

This will be done mainly by increasing oil production, together with a major attempt to increase export earnings by creating exportable surpluses and initiate a policy of export-led growth. Import substitution *is also to* be increased in oil, fertilisers, steel and, in the long term, cooking oil and cement.

The Government has agreed to place the economy under the surveillance of the IMF, as a condition of receiving successive instalments of the loan.

Apart from permitting freer investment by private and foreign firms, the Government has agreed to limit the expansion of *domestic credit to 19.4 per cent* in 1981-82. The agreed limit on the growth of money supply is 15.7 per cent.

In the first year, the Government has also agreed to limit the contracting of non-concessional foreign loans with a *maturity of between one and 12* years to about $1.6bn (£845m), although this excludes commercial borrowings for a steel plant in Orissa to be built by Davy McKee of Britain and loans for power projects.

The Government has also agreed to review policy in consultation with the IMF to *evolve suitable standards of eco*nomic performance for the period of the loan. In the meantime the Government will not impose import restrictions for *balance-of-payments reasons,* nor will it make bilateral payments arrangements with trading partners which have not been approved by the IMF.

India will draw SDR 300m this month as the first instalment of the loan, and another SDR 300m within the next two months. The country's total *requirements in the financial* year ending in March 1982 is *likely to be SDR 900m. Part of* the loan will bear interest of 9 per cent, and the rest will bear 12 per cent interest.

Mr R. N. Malhotra, the *Finance Secretary, who played* a major role in negotiating the loan, said yesterday that India "is making efforts for improving its external position in the *trade and foreign exchange* areas, and this will bring us to a sustainable position immediately at the end of the three-year period of the loan."

Mr *Malhotra expected India's* external account to improve *during this period.* He hoped that the balance-of-payments support by the IMF "will help us actually to pursue policies without having the necessity to *cut our development expendi*tures or starve the economy of essential imports."

Whatever the Government's reaction, the loan is bound to *create considerable controversy* in India because of the commitment it involves to major policy changes and consultations with the IMF on the performance of the economy.

The most controversial *changes in policy affect private* investment, both Indian and foreign. This has been subject to severe restrictions for the past 20 years, and the Indian Government *has now apparently* agreed to allow private companies to function more easily.

This may lead to the relaxation of many of India's severe controls on the private sector. What the IMF can be expected to watch carefully is the manner in which the Government applies India's Monopolies and Restrictive Trade Practices Act. The Act has prevented fresh investment by large Indian companies in all areas except *high-technology* or the country's undeveloped regions.

This will also benefit foreign investment which is subject to the same restrictions as well as being controlled by the controversial Foreign Exchange Regulations Act. This forbids *most* foreign companies from owning more than 40 per cent of the equity in Indian ventures.

The loan conditions also require a considerable liberalisation of foreign collaboration and royalty payments. It is expected that foreign companies will find it easier to insist on higher royalties than the 4 per cent they are now restricted to.

Both the import and export policies of the Government are expected to be liberalised, although the Commerce *Ministry is* studying ways to reduce bulk imports like crude oil, fertilisers, steel and cement. However, imports of capital goods and industrial raw *materials* are expected to be made easier.

Prices of public sector goods will be allowed to rise, while Government subsidies for industrial and agricultural goods will be reduced.

The only stipulatio[n the] Government has made [is that] *the changes will be* "con[sistent] with our national [policies] accepted by our parlia[ment]." This is meant to act as a [safety] clause to prevent the IM[F] seeking excessively [major] policy changes. But th[is may] lead to serious difference[s over] *policy changes* betwee[n the] Government and the IM[F].

The IMF has not insis[ted on] devaluation of the rupee, [but] plans to keep India's exc[hange] rate policy under review. Government has agreed wi[th the] IMF's objective that it [should] have a "realistic" exc[hange] rate policy. This is after [it] allowed the rupee to depr[eciate] by about 15 per cent again[st the] dollar in the past six mon[ths].

In its letter of intent [to the] IMF, the Government said [that] it has already made me[dium] term structural adjust[ments] because of a sharp deterior[ation] in the terms of trade as a r[esult] of higher oil prices.

The Government referr[ed to] the bad spell the economy [went] through as a result of drought in 1979, but cla[imed] that performance has now proved considerably.

> The U.S. abstained in Monday night's vote by the International Monetary Fund board to lend India $5.8bn (5bn special drawing rights) because it did not believe that India's balance of pay*ments situation was bad* enough to warrant such a sum, David Buchan writes from Washington.
>
> The U.S. Treasury explained that India's stand-by credit was the first to come before the IMF executive board since President Reagan and Mr Donald Regan, his Treasury Secretary, issued their call at the IMF annual meeting for "strong IMF adjustment programmes." The Indian loan did not meet this test.
>
> *The Treasury said the U.S.* would continue to show its disapproval — presumably by further abstentions in board votes — of IMF programmes which did not meet its criterion. The Treasury went on to complain of "insufficient clarity" in the IMF loan conditions, which include ceilings on domestic credit and foreign commercial borrowing.
>
> The Reagan Administration believes the IMF's role of short-term lender to cover balance of payments emergencies must not blur the World Bank's development function. It felt that the IMF action was in some ways a disguised development loan for India and that it could have been considerably smaller.

[صورة عن الأصل]

Chinese demand for Japanese steel expected to recover

BY RICHARD C. HANSON IN TOKYO

IINESE demand for steel om Japan is expected to cover next year for the first ne since exports fell sharply ree years ago.

The rise reflects some iprovement in China's heavy dustries, as well as price ncessions offered by the big Japanese steel companies.

Nippon Steel, the world's gest integrated steel maker, id the Chinese indicated in gotiations last week that ders for over 2m tonnes ould be placed in 1982. This mpares with about 1.9m nes this year. The bulk of orders are expected to be cold rolled coils and sheets, ign that demand from heavy chinery industries in China on the rise.

Since 1978, when Japanese ports to China hit a record m. demand has centred on e rods, used mainly in construction. As a result of China's nomic problems, Japanese pments fell sharply to 2.8m nes in 1979 and 2.3m tonnes 1980.

In the latest negotiations, d last week in Peking, the inese contracted for 708,700 nes of steel for the January- ne half of 1982. But China licated additional orders would bring the six-month total to around 1m tonnes. This is ahead of the pace set in the current year, when the Chinese bought 915,000 tonnes in the first half and 986,000 tonnes in the second.

The Japanese have been encouraged by a sharp rise in demand for cold rolled steel, which accounted for more than two-thirds of the latest orders.

In order to win the orders, the Japanese makers agreed to shave prices next year by an average of 2 per cent below the 1981 contract prices. The rollbacks were caused mainly by depressed prices on the world market, and are considered partly responsible for China's plans to increase imports next year.

Agencies add: Shrinking demand and bulging stockpiles sent Japan's imports of crude oil in the first half of this fiscal year to the lowest level in 10 years, the Petroleum Association of Japan said yesterday.

Crude-oil imports in the April-September period totalled 110.4m kilolitres, down 11.2 per cent from the previous year.

An association official forecasts that large stockpiles of crude "will lead us to conserve our procurement" of crude oil.

Israel fears decline of farm exports to EEC

BRUSSELS—Israel yesterday ned representatives of the opean Community that a line in exports to the Ten ld have disastrous economic sequences in Israel.

Mr Simcha Ehrlich, the ieli Farm Minister, said r two days of talks with C officials, that Israel would upset by moves to reduce its orts of agricultural goods to Community.

"A major reduction of Israeli orts to the Common Market ld be a disaster for our nomy," he said.

The concern stems from in's scheduled entry into the mmunity in the mid-1980s. e Spain becomes a member, it will receive tariff-free privileges for products such as oranges, which Israel at present markets competitively in Europe.

Mr Ehrlich said he asked the officials to grant Israel concessions ensuring that Spanish entry would not destroy Israel's traditional sales market. He said he received no special assurances, but added: "I'm a born optimist—I hope we will be able to maintain our share."

Israel sold about $1.6bn (£848m) worth of goods to the EEC in 1980 and bought roughly equal the amount from the Community. The sales represented about one-third of Israel's foreign commerce. AP

Land Rover in talks with Cameroon

By Kenneth Gooding
Motor Industry Correspondent

LAND ROVER, the BL subsidiary, is in talks with the Cameroon Government about establishing an essembly ility at Douala.

Land Rovers were produced Cameroon until the mid- ls on a small scale with help of the local importer. port of kits stopped be- se Land Rover was short capacity in the UK.

Following the £200m expan- programme in Britain, d Rover is interested in ing up a facility which ld produce about 1,000 icles a year, some for ort.

Reuter reports from Paris: istration of foreign models unted for 27.5 per cent of French car market during first nine months of this compared with 22.4 per in the same period last figures published by the importers association y. Despite a decline of per cent in overall new strations to 1,333,613 ate vehicles, foreign ers increased their sales 17.3 per cent to 366,852 s from 312,805 a year ago. he three foreign leaders he French market—Volks- en, Ford and Fiat—in- sed their sales, while eral Motors and BL lost nd. In addition, new strations for Japanese els declined by 20.8 per to 34,419 units from 60 a year ago.

Tighter Cocom export rules ahead

By Anthony Robinson

Exporters of Warsaw Pact countries and China are being urged by the Department of Industry to give their views on the goods which should be subject to security clearance by the Paris-based strategic exports co-ordinating committee (Cocom).

A review of strategically sensitive export items is taking place in London and other Nato capitals and Japan following the decision of Western leaders at last June's Ottawa summit meeting to review procedures and the list of embargoed items.

The most extensive changes are expected in the field of computer hard- and soft-ware exports and other computer applications. A significant tightening-up is expected.

Whitehall is asking exporters to make their views known through their trade associations.

Lance Keyworth writes from Helsinki: A consortium of Finnish companies has won a FMk 180m (£22m) order to supply automation systems for two Soviet-built, coal-fired boilers.

The contract was signed by Oy Kontram AB and Valmet Oy of Finland and V/O Technopromexport of the Soviet Union. Kontram is a specialist in marine instrumentation and automation, and Valmet is the state-owned engineering concern.

Portuguese may overhaul Lockheed cargo aircraft

BY DIANA SMITH IN LISBON

PORTUGAL'S military aeronautical workshops (Ogma) at ca near Lisbon will have chance to overhaul and fy Lockheed C-130 cargo ift if advanced discussions een the U.S. corporation the Portuguese authorities to fruition.

Lockheed will train Ogma and carry out material and ology transfers. The corporation estimates that the deal l bring several millions of s of business to Ogma over ext 10-20 years.

The proposals are part of a lex $65m (£34m) offset ge to which Lockheed com- d itself last year when it three extended range 1-500 Tri-Star passenger with a firm option for an- two, to Air Portugal.

The offset package included eed promotion of Portu- sales to the U.S. of such rate items as optical lenses, d food and car parts, and mmitment to bring more ican tourism to Portugal. Lockheed has 10 years to off the $65m offset commitment—about one-third of the price Air Portugal faces for three firm and two optional Tri-Stars. Whether long-range hopes of selling at least 10—if not 15—Tri-Stars will materialise is now open to question; recently, the Portuguese Government structed the financially-strapped airline to lease rather than buy six Boeings needed to update its fleet.

Reuter reports from Ottawa: De Havilland of Canada, has signed a contract to supply Egypt with 10 Buffalo transport aircraft, spare parts and training assistance, the Candian Trade Ministry said.

AP-DJ reports from Amsterdam: Fokker Aircraft has received an order from the Swedish domestic air carrier, Linjeflyg Aktiebolag, for two F-28 Fellowship aircraft and an option on a third. The 85-seat aircraft will be delivered in December 1982, and January, 1983, the aircraft on option is scheduled for delivery in 1983. The Swedish airline already owns 13 Fokker aircraft.

Terry Dodsworth in Paris reports on how a French group's know-how won it a gas pipe-line order

Share of Soviet contract is tonic for Creusot-Loire

"IF YOU come successfully through negotiations like these, it's as good as having a successful heart check-up," said M. Jean-Louis Devoisselle, deputy managing director of Creusot-Loire, the French engineering group.

He was looking back over what had seemed the interminable talks which led to the group winning half of a $940m (£495m) contract for equipment and management services on the 5,000 kms Siberia-West Europe gas pipeline.

Creusot is in a consortium with Mannesmann Anlagebau of West Germany.

"This is a high risk business," M. Devoisselle said. Creusot invested nearly $2m, without any guarantee of return, in chasing the contract. The money went on innumerable project studies, around 30 missions to the Soviet Union and the cost of a permanent negotiating team in Cologne, where the later discussions were held.

But it was natural for Creusot to spend the money. It has been active in the markets of Imperial Russia and the Soviet Union since the beginning of the century, making it one of the most well-versed western groups in the art of negotiating with the Russians.

Indeed, Creusot built a factory in St Petersburg, later called Leningrad, before World War I.

After World War II it became, it claims, the first western company to establish a permanent office in Moscow. About 40 different contracts followed. There were locomotives in the 1950s and then fertiliser factories, gas cooker plants and, more controversially, about 18 months ago a steelworks order.

This last contract was signed at the height of the U.S. embargo, initiated by President Carter after the Soviet invasion of Afghanistan, on high-technology transfers to the Soviet Union.

Now the U.S. is increasing pressure on West European countries in an effort to divert them from taking the Soviet gas to be channelled along the pipeline from Siberia.

At the same time there is internal argument in France about the amount of gas which France should buy from the Soviet Union. This discussion, like the U.S. opposition, centres on the strategic advisability of building energy links with the Soviet Union.

But Creusot insists that none of the political manoeuvring has much effect on its own conduct.

"Our attitude is quite clear," said M Devoisselle. "It is up to the Government to make the political decisions. In deals of this kind, if they do not want it to go ahead, they do not give the credit."

Creusot has not been under pressure from the U.S., M Devoisselle said. Yet it might have expected some. It uses U.S. technology both for the turbines and the compressors it will be putting into the compressor stations as part of the pipeline contract.

This apolitical attitude has permitted Creusot to pursue more single-mindedly the develoment of its Soviet negotiating expertise. It starts with an attitude of respect.

"The Soviets are the finest professionals we have ever come across," said M Devoisselle. "They have a perfect knowledge of current prices in the West and they know all about the state of the individual companies and the national economies. They drive a hard bargain, and they are very clever negotiators."

But the Creusot experience has shown that western groups also need patience and adaptability. Soviet negotiators are prepared to take their time and they demand infinite flexibility from their suppliers.

The pipeline project was a classic instance. Talks about some form of pipeline deal started in 1975, but over the past six years the Soviet Union has changed its plans at least four times, forcing potential suppliers like Creusot to change their estimates.

During this time the Soviet negotiators were prepared to look at every alternative. Indeed it was only last August that Creusot began to feel that it would win the contract. M Devoisselle and M Jean Corrihons, general manager of the group's energy division, were recalled from holiday.

On crucial points in negotiations, the Soviet authorities like to talk only to the top. The Soviet negotiators in this case were breaking up the log-jam. Creusot knew that, because it had been in the business long enough to read the signs from Moscow.

Algeria and France seek to end long-standing gas pricing dispute

BY FRANCIS GHILES

THE LONG-STANDING gas pricing dispute between France and Algeria is unlikely to be solved before the state visit by French President Francois Mitterrand to Algiers at the end of November.

The visit is the second by a French President since Algerian independence in the early 1960s.

Algeria's state oil and gas company, Sonatrach, has been locked in battle with Gaz de France and its other gas customers for nearly two years in an attempt to bring the price of its liquefied natural gas (LNG) into line with that of crude oil.

So far Sonatrach has failed, despite its decisions to suspend deliveries to its two major customers, Gas de France, and El Paso, of Texas, during the spring and summer of 1980.

Shipments to France were resumed 14 months ago but a second contract with the French utility, which was due to start this autumn, is not being honoured.

Gaz de France receives about 630,000 cu m of Algerian LNG a month for which it is paying $4.27 per million British thermal units (BTUs). Sonatrach is billing it at $6.11 leaving settlement of the balance unresolved. Sonatrach is failing to honour a second contract for the delivery of about 700,000 cu metres a month.

A possible solution to the dispute is felt to be a broad ranging economic co-operation agreement between the two countries. This would sharply increase French exports to Algeria and lead to the setting up of a number of joint companies. This idea is favoured by those in the new Socialist administration in Paris who wish to see close relations between the two countries.

However, any formula which would blur the real price Gaz de France pays for Algerian LNG would present major drawbacks.

Indeed, all the other customers or potential buyers of Algerian LNG in Europe—Italy, Spain and Germany in particular—are looking to the Franco-Algerian agreement as a base from which to negotiate with Sonatrach.

The agreement will, thus, be highly visible. Furthermore it would be difficult for France to pay more for Algerian than for Russian gas.

UK NEWS

Fast food business slows down

Making a 'fast buck' has proved difficult in the past year, reports David Churchill

DELEGATES to the annual fast food fair in Brighton this week will be anxiously wondering whether the phenomenon will survive during the 1980s.

Making a "fast buck" out of fast food has proved extremely difficult over the past year as the recession has hit consumer spending and the market has become overcrowded by companies trying to join the band-wagon.

One new market entrant, the Bejam freezer group, has decided to pull out of fast food retailing and others could follow. Bejam sold its Trumps hamburger chain to the Grand Metropolitan Chef and Brewer subsidiary.

Mr Peter Smale, Wimpy's marketing director, told a recent Marketing Society conference that he had "absolutely no doubt that quite a number of the new entrants will fall by the wayside during the '80s as the parent companies, quite professional in their own field, decide that the returns from fast food are too long term for the investment required."

Few, if any, of the fast food operations vying for High Street trade are making a profit and some are understood to be losing substantial amounts.

Expansion of fast food outlets away from the South-east is becoming much slower than anticipated.

Fast food has been a traditional feature of British catering for decades with the fish and chip shop, but it is the more modern style of trading based on the U.S. example that has attracted the attention.

Stockbrokers Scrimgeour Kemp-Gee defines the new fast food format as "systemised, high volume, catering offering a predictable, branded, hygenic and heavily advertised product" designed to appeal to the 15-24 age group.

No accurate figures are available for the numbers of such new fast food outlets because of their rapid growth over the past few years, but the estimate is 16,000, of which some 11,000 are fish and chip shops.

There are thought to be 2,300 Chinese takeaways, with the remainder comprising other ethnic outlets and fast food stores.

In some parts of the South-east, especially London's Oxford Street, the newer fast food outlet is edging out other retailers from prime sites.

The fast food boom emerged in the late 1970s because rising living standards enabled more people to eat out. Young people were more likely to want, and be able to afford, a quick meal outside the home.

Some 16.4 per cent of family food expenditure goes on meals outside the home. The comparable figure in the U.S. is 38 per cent.

The Wimpy chain was long the flagship of hamburger-style fast food in the UK, but by the early 1970s its trading formula had become jaded. It has since been revamped under the ownership of United Biscuits.

The British consumers' changing social and spending habits and the fact that fast food in the U.S. had become relatively sophisticated led to the U.S. "invasion" in the late 1970s. This was spearheaded by the McDonald's hamburger chain and the Kentucky Fried Chicken operation.

McDonald's opened its first UK outlet in 1974, but resisted the temptation to go for growth until the market developed and its operation was working efficiently.

British companies then decided to enter the market—just as the recession was beginning to bite into sales. The variety of UK entrants included such names as British Rail's Casey Jones, Tesco's Bite, and Asda's Take or Stay.

Most fast-food outlets are modelled broadly on the successful McDonald's formula, although many newer stores have tried to widen their menu or offer different decor. But as marketing specialist Kraushar and Eassie says: "It is really not enough just to try to copy McDonald's, whose huge U.S. base and established disciplines mean that they can see off most competitors."

Kraushar and Eassie cri new fast-food operators' imagination. "Why mu emphasis be on hamburge why must everyone go fo investment outlets at £250,000 each?"

There are some atten novelty in the UK charac by the British Scho Motoring's Spud-U-Like potato chain. The BSM ha 12 of these outlets operat franchise.

Mr David Acheson, managing director who work for both Wimp Kentucky Fried C believes the Spud-U-Lik cept offers greater fle because smaller capital is required. One recen cost £12,500 to equip, co with the £200,000 f adjacent McDonald's.

Wimpy's Peter Smale "We calculate that McD has only made sufficien after seven years to pa interest on its investme

He acknowledges, h that McDonald's "is a able machine that will remorselessly."

Fast food in the probably never likely to the same impact as in t because of such fact different road systems, traffic density at nigh higher occupancy costs.

Stockbroker Scrir Kemp-Gee remains "co that in terms of the insti life cycle, the new fa revolution is in the pe early development and ac ing growth, and this seen through much 1980s."

Corrosion costs farms £600m, says repor

BY NICK GARNETT, NORTHERN CORRESPONDENT

CORROSION costs agriculture and horticulture about £600m a year in Britain, but half of this loss could be prevented, according to a report just published by the University of Manchester institute of science and technology.

The report pinpoints deficiencies in the design of farming equipment and machinery and also criticises the standard of farm "housekeeping" — including maintenance, painting and cleansing routines.

One of the main recommendations of the report, prepared by the university's corrosion and protection centre after a three-year study, is that the agriculture and agro-chemical industries should set up a national advisory service.

A principal weakness in agriculture and horticulture, says the report, is the general lack of awareness about corrosion and its cost. Its conclusion is that farming is almost certainly an inefficient industry in minimising its effects.

The Department of Industry and the institute of science and technology have prepared a leaflet to be published shortly entitled Corrosion in Agriculture and Horticulture.

Farming and horticulture, it says, are among the most capital intensive British industries, with investment in buildings and equipment totalling more than £12bn.

The report says the cost of corrosion — from climatic effects, air-born pollution and chemicals — is about £50m a year for horticulture and £550m for farming.

Of the total, £150m is due to direct cost losses in the form of equipment replacement. A further £100m results from capital depreciation arising from corrosion.

The balance of the loss arises from diminished pro such as damage to cr production inefficiency.

The report highlig effects of modern chem in fertilisers, additives stock feeds, grain pres and insecticidal and f sprays.

Copper-based fungic example, pose particu lems because of their effect on galvanised

On the manufacture ing equipment, the re better use should be protective paints and

Love's labour lost will cost £204 to replace

BY ROSEMARY BURR

…IE CASH value of a wife or …use husband is £204 for a …-hour working week, Legal …d General, the insurance …mpany, has estimated. The …ure is based on employment …ency fees for the different …bs, ranging from housekeep…g to driving and gardening, …at a homeminder would do in … week.

Legal and General calculated … years ago that the cash …lue for the homeminder was … a week. This was based on … less rigorous calculation. …w a housewife or house hus…d ranks equal in the salary …kes with a sergeant major, …ne bishops, a fire chief, head …cher or second-division foot…ler.

…egal and General has com…ed the figures to underline … financial loss a breadwinner …o loses his or her spouse will …fer. Six years ago the com…ny launched a life policy …ned at insuring wives. But al…ugh several companies offer such policies, only one in four British wives is insured.

Legal and General said: "Given the reluctance to provide financial protection for husbands and their children, there was perhaps a role for the employer to play in filling the gap." The company has launched the first scheme by which an employer can protect a bereaved employee.

The cost of insurance for all workers for a year's pay would be about 0.1 per cent of the average payroll, said Legal and General. A minimum of 20 employees is needed. There is also an index-linked administration charge of £150.

The employers' premiums—except for employees who are major shareholders in the company—will normally qualify as a business expense. The employer will receive the benefit in the form of one lump sum plus monthly instalments, all of which will be subject to PAYE.

Only legal spouses will be covered, says the company: "It would be extremely difficult to establish precise relationships otherwise."

Legal and General says the annual death rate of wives with children ranges from six in 10,000 at age 30 to 12 in 10,000 at age 50. About a third of the average workforce have wives with children aged under 16.

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…ome is the girl's prison …d the woman's work…use —Shaw wrote. …semary Burr examines …new perspective on the …me's mainstay

Mazda almost sold out of new cars for 1981

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

…ERE ARE virtually no new …zda cars left unsold in the …. And the company which im…ts them from Japan says it …l receive no more until …bruary.

…nder the terms of the volun…y restriction on shipments of …s from Japan to the UK, …zda Car Imports (GB) re…ved enough vehicles to give …just over 1 per cent of the …al sales expected in Britain …s year.

…he company said: "It was up …us whether we released all … quota at once or whether we …d out supplies to dealers through the year. By the end of August, when sales were boosted by the new "X" suffix, we had only about 500 cars left."

By the end of October, Mazda had sold 15,236 cars compared with 13,706 in the same period of last year while the market had fallen by 3.5 per cent.

Mazda Imports says that the next shipload of cars from Toyo Kogyo in Japan will not arrive in Britain until next February.

In the meantime, the company has wihhdrawn the Press test cars and its employees are driving used cars so that as many new vehicles as possible can be sent to its 250 dealers.

…ppeal Court rules against …evenue in Oceanic case

…Y RAYMOND HUGHES, LAW COURTS CORRESPONDENT

…E INLAND Revenue cannot … foreign companies operating …he UK sector of the North … as collectors for taxes due …n employees who work and … paid outside the UK, the …rt of Appeal held yesterday.

…he court unanimously …wed an appeal by Oceanic …tractors, a Panamanian com…, against a High Court …g upholding a £2,033,254 …E assessment on the com….

…e tax was levied on wages … by Oceanic, a subsidiary …e U.S. corporation J. Ray …ermott, to workers laying …lines and carrying out oil-… maintenance work from …es in the UK sector of the …h Sea.

…e Inland Revenue was given … to appeal to the House of …s, it being agreed that the … was of general importance, …ting other non-UK com…s in positions similar to …nic.

…e issue in the case was the …cability of section 204 of … 1970 Income and Corpora… Taxes Act, the legislative …rity for PAYE, to foreign …anics.

…e court rejected the …nue's main submission, described by Lord Justice Lawton as "bold, startling and clear," that anyone, whatever his nationality, and wherever he might be, who paid wages to an employee assessable to Schedule E tax, had a duty to deduct tax.

Lord Justice Brightman said the majority of the relevant employees were British. They were paid in U.S. dollars, by cheques made out in Brussels and drawn on Oceanic's New York bank.

Both the 1964 Continental Shelf Act and the 1973 Finance Act clearly recognised that the UK sector of the North Sea, outside UK territorial waters, was not part of the UK.

The 1973 Act only provided that wages paid for work done in the sector were to be treated for tax purposes as having been paid for work done in the UK.

Thus Oceanic's North Sea employees were liable to Schedule E tax, whether or not British subjects, or resident or paid in the UK.

The judges rejected the Revenue's argument for worldwide application of section 204 to all cases of wages taxable under Schedule E.

Pulp by-products could rejuvenate mill

Mark Meredith looks at two men's efforts to breathe new life into an ill-starred operation in the Highlands

NEGOTIATIONS for the possible reopening of the pulp mill in Fort William in the Western Highlands of Scotland have reached a decisive stage. The mill was closed as a loss-maker by Wiggins Teape a year ago.

After extended and not always amicable exchanges Wiggins Teape will this week tell the two men who want to resume operations that the proposed lease of the mill must be completed by the end of the year or, in effect, the deal is off.

Mr Brian Elias, the mill's former chemist, and Mr John Robertson, a prosperous farmer from the Highlands and the proposal's chief financial backer, asked for more time a week ago when Wiggins Teape hoped the issue would be resolved.

Mr Robertson said at the week-end that he needed more time to raise the £10m he needs for restoring and converting the mill. He accepted the idea of a lease for the plant but could not agree to sign until the full funding for reopening was settled. "There's a better than 50-50 chance that we'll succeed," he said.

Wiggins Teape, a subsidiary of BAT Industries, runs a viable paper mill on the site which is undergoing £2m improvements. But it lost between £2m and £3m a year running the pulp operation after the launch of integrated pulp and paper production 15 years ago.

In spite of the losses Mr Elias and Mr Robertson, under the name of Lochaber Timber Industries, hope to make pulping a success by selling not only the material but also chemical by-products. Known as lignosulphonates. These are not produced in Britain and in 1980 £10m was spent on imports.

The eventual lease presents considerable logistical problems amounting to the dismembering of a formerly integrated plant. The two operations are so closely bound together that Wiggins Teape officials have privately expressed considerable doubt about the ability of the pulp mill to operate as a separate unit, as their company insists.

However the company has been anxious to further any proposal to resuscitate the mill.

The mill's closure last year with the loss of 450 jobs was a major blow to the Western Highlands and a huge disappointment for Wiggins Teape. The integrated mill was opened in 1966 as the answer to competition from Scandinavia and North America.

It was hailed as a vital new industry tapping the vast resources of Scotland's forests, generating new life in the Western Highlands and halting emigration.

But the mill made the wrong type of pulp and was on too small a scale to be cost effective.

To break down the wood fibres the mill used a sulphite process suitable for producing tissue or tracing paper. The more common sulphate, or Kraft process, would have been better.

With the pulp mill a failure, the Fort William operation faced a crisis. For a time Wiggins Teape contemplated a newsprint operation with Consolidated Bathburst of Canada but the idea was scrapped as production was unlikely to be competitive. Wood costs were high and the companies complained insufficient Government assistance was available.

Meanwhile, as he collected his redundancy pay, Mr Elias, the chemist, thought there was still hope for the pulp mill. He felt that its future lay with the by-products of pulping overlooked by a company absorbed in paper production.

He drew up plans to abandon the chemical recovery process in which by-products were recycled to fire boilers or re-used. These could be put to commercial use, he believed.

Lignosulphonates have a number of uses, for instance as binders in animal feedstocks, in brick and chipboard manufacturing, in smokeless fuel and as a viscosity control agent for the drilling muds used in oil production.

Mr Elias and Mr Robertson commissioned a survey by the Swedish consultants MoDo Chemicals. This speculated that lignosulphonates might sell for £84 BBDt (Bleached Bone Dry tonne) and pulp might sell for £230 BBDt.

The report predicted a potential annual income before depreciation of between £4.1m and £5.85m.

The Elias-Robertson formula depended on efficient use of the plant at greatly reduced manning levels—possibly with fewer than 132 people compared with the 450 of the previous operation.

Proposals as to whether the plant should be sold or leased dragged out the negotiations. Mr Elias and Mr Robertson wanted to buy the plant for scrap value. The paper company wanted to lease the land to protect its future interests.

Both sides now fundamentally agree that Wiggins Teape would lease the plant for 50 years renewable for a further 50. It would charge a nominal land rent of £1 a year and the equipment in the plant would be sold for £500,000.

Funding now holds up the final decision. Wiggins Teape has plans for the pulp mill and wants to sell off some of the equipment if it is not to be reopened.

Lawnmower complaints rejected

By Michael Thompson-Noel

THE ADVERTISING Standards Authority has rejected two complaints from the public about an advertisement for Qualcast Garden Products' Concorde lawnmower.

Its decision, however, hardly marks an end to the battle of the mowers between Qualcast and its rivals, notably Flymo, against which Qualcast has lodged complaints with the ASA's Code of Advertising Practice Committee which handles intra-industry grievances.

The committee is reported to have ruled that 13 of Flymo's claims contravene the code in relation to truthful presentation of advertising material, or denigration of rival products. The findings have not been formally announced.

In ASA's ruling, announced today, the authority says two members of the public objected to an advertisement comparing the Qualcast Concorde to the rival Flymo model, stating that "both cut at least 8 in long grass."

The complainants said they had great difficulty cutting long grass with their Concordes, and questioned the claims.

ASA said Qualcast had submitted an independent technical report that satisfied the authority that both mowers were capable of cutting grass 8 in high.

Wight Collins Rutherford Scott, the Qualcast agency, said yesterday that Qualcast was likely to expand and develop its campaign next summer."

Qualcast, the only British-owned company in the UK mower market, and Flymo, a subsidiary of Electrolux of Sweden, spent about £4m between them on their campaigns this year.

In its latest case report, ASA deals with 148 complaints, of which 69 were upheld, either wholly or in part.

Advertisers against which complaints were upheld include Berni Inns, Book Club Associates, British Airways, Colgate-Palmolive, Cunard, The Daily Star, Jetsave, Pye, Renault and Vauxhall Motors.

Actuary attacked by pension funds

BY ERIC SHORT

THE NATIONAL Association of Pensions Funds and other sections of the pension industry yesterday criticised Mr Edward Johnston, the Government Actuary, over the reduction in National Insurance contributions for company pensions schemes which have opted out of the State earnings-related scheme.

Companies which contract out of the state scheme have their NI contributions reduced because the company scheme provides the equivalent pension for employees. The present reduction is 7 per cent, split $2\frac{1}{2}$ per cent off employees contributions and $4\frac{1}{2}$ per cent off employers' contributions.

The NAPF disagreed with almost all of the Government Actuary's observations, particularly those on investment return. His judgments on investment policies were described as unreliable and said to be based on an investment pattern alien to pension funds.

Support for local spending decisions

BY ROBIN PAULEY

ABOUT 85 per cent of those questioned in a public opinion poll think local councillors are better able to make decisions about local spending than central government.

The poll, among a representative sample of 1,617 adults, was carried out by Market and Opinion Research International (MORI) for the Association of Metropolitan Authorities. The AMA is running a campaign against the Government's legislation which will limit councils' powers to set rates and will force referendums on councils which want to spend more than a centrally-prescribed amount each year.

Only 8 per cent of those questioned thought the Government knew best about how much needed to be spent on local services.

This result suggests an unexpectedly high level of public resistance to both the Government's present legislation and to the legislation last year which resulted in Whitehall civil servants determining how much each council needed to spend on each service to provide a standard level of services. Central government grant is allocated on the basis of those calculations.

Mr Michael Heseltine, Environment Secretary, and Mr Tom King, Local Government Minister, have argued that they are trying to curb public expenditure and protect the ratepayers with their actions, for which they have claimed widespread support.

But only 30 per cent of those questioned supported government moves for more spending decisions to be made in Whitehall.

Some 46 per cent were satisfied with the way their councillors were serving their areas with 34 per cent dissatisfied. The rest had no opinion. A total 57 per cent thought it would be harder for local people to influence the decision-making process if more power was switched to the centre and only 8 per cent thought it would be easier. Some 43 per cent thought that local elections would become less important, 14 per cent more important, and 30 per cent thought it would make no difference.

The poll cost £2,500, and this will be borne out of the AMA £500,000 fighting fund against the legislation.

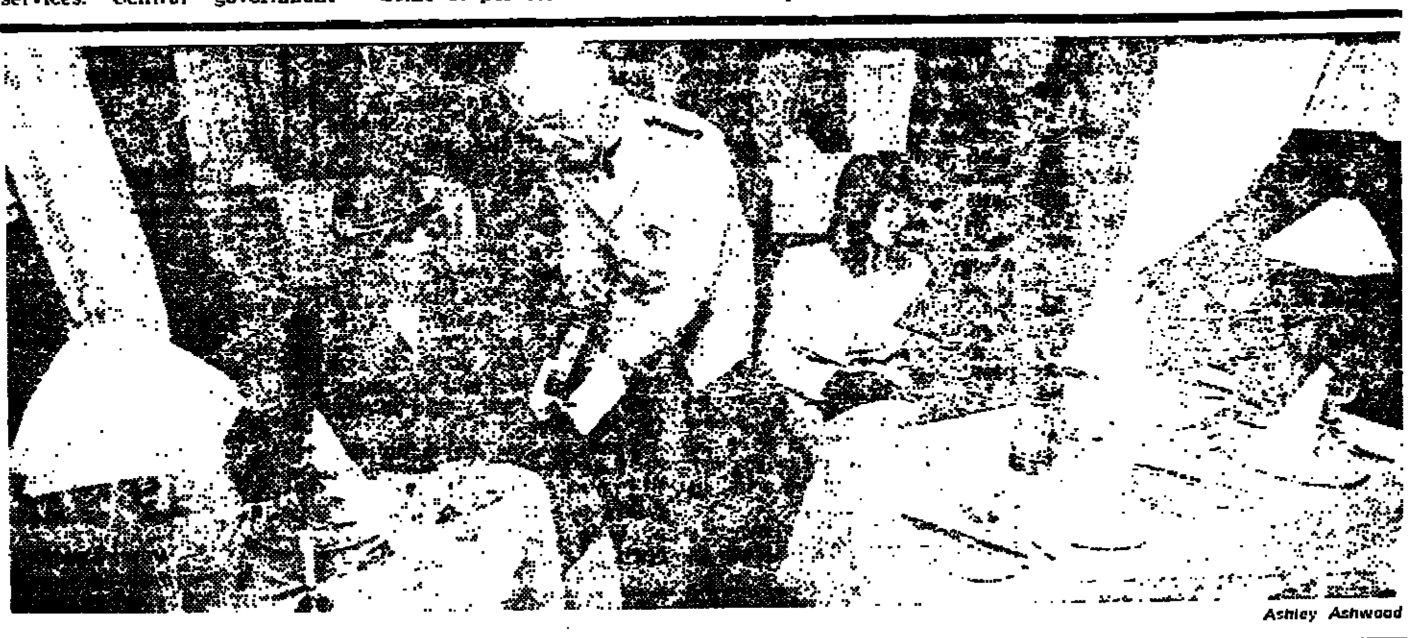
Mr Jack Smart, chairman of the AMA, said last night: "This shows without a shadow of doubt that the Government has not got the public behind it on its new Bill." Although the poll had been conducted in mid-October, before the formal first reading of the Bill in Parliament, people were already clear that they did not want this or any other Government trying to run their local affairs," he said.

CHIC on the Orient Express, which is going back into service next summer. Sea Containers has spent more than £1m buying old Pullman coaches in Britain and Wagon-Lits cars in Europe and restoring them in 1920s style, writes Arthur Sandles.

The company reckons it will recoup its investment in the Venice Simplon Orient Express Service in four years and to "be in the black from the first day," according to its president, Mr James Sherwood.

Some of the rolling stock went on show yesterday at Victoria Station, London. The trains will carry about 175 passengers

The world's most famous train ride will cost £250 from London to Venice or £200 for the Venice-Paris section. The prices have been pitched to match first class air fares.



Ashley Ashwood

Midland to offer prestige credit card

MIDLAND BANK is today expected to announce its plans to offer a new up-market travel and entertainment card in conjunction with MasterCard, the U.S.-based payment systems group.

Midland has already formed ties with MasterCard in the area of travellers cheques. The bank last month announced arrangements between its Thomas Cook travellers cheque subsidiary and MastorCard to offer joint cheques in several currencies.

Midland is likely to start offering the MasterCard Gold Card early next year. It is expected to be similar to the gold card already offered by American Express through Lloyds Bank.

The American Express Gold Card offers an unsecured overdraft of £6,000, a £100 cheque-cashing facility and £70,000 worth of travel accident insurance.

Lloyds Bank launched the Amex card last spring aimed at affluent customers. The Midland plan is seen by several bankers as an attempt to catch up in the "snob market" by offering a product without the spending limits of Access and Barclaycard.

Communications fail in health service

A REPORT by the Health Service Commissioner identifies failure of communications as the main cause of dissatisfaction among complainants.

Mr Cecil Clothier QC, the health services ombudsman, fully investigated 50 complaints and found some justification in 36.

In a case which he describes as "unique in the experience of my office" a consultant refused to prescribe a prosthesis for a woman whose breast he removed because it was too expensive. This attitude was "obdurate and indefensible," says the report.

New head of styling for BL

BL's main cars division is to have a new head of styling from next week. Mr Roy Axe, 44, is leaving his job as director of car design at Chrysler Corporation of the U.S. to join BL.

Mr Axe also held senior styling positions with the former Rootes Group, which was taken over by Chrysler in the early 1970s.

260 lose jobs

ANOTHER 260 jobs are to be lost on Merseyside when Cousins (Confectioners), part of the Allied group closes its bakery at Speke in south Liverpool and 14 of its 70 shops in the region.

Channel link

A NEW passenger ferry link between Britain and the Channel Islands will go into service next May, providing three sailings a week from Torquay to Alderney and Guernsey operated by Torbay Seaways and Stevedores.

Shell attacks rise in North Sea oil price

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SHELL UK, one of the biggest producers and refiners of North Sea oil, is resisting the $1.50 a barrel crude price rise proposed by the British National Oil Corporation.

The company said yesterday that the proposed rise to $36.50 a barrel for Forties field reference crude was too great. It also disliked the backdating of the increase to November 1.

Several other big integrated UK oil companies—which produce offshore and also have large refining operations—have been making similar comments privately. It is far from clear they are prepared to press as hard for a reduction, however.

The state-owned BNOC, which is the largest trader of North Sea oil and thus leads pricing decisions, suggested a $1.50 rise last week in the wake of the price realignment by members of the Organisation of Petroleum Exporting Countries. It is discussing the proposal with the industry.

The large integrated companies want to limit the increases because they have been losing money on their refinery operations. Increased crude costs will exacerbate the problem, they fear. Small North Sea companies, with no downstream commitments, would prefer higher prices.

Industry reports indicate that BNOC has received some acceptances and no formal rejections so far to its proposals.

The debate mainly concer[ns] the relative price of North S[ea] crude and the similar, light produced by Nigeria.

Nigeria is thought to ha[ve] fixed a reference price of $36 a barrel for the rest of [the] year but is reported to be o[ffer]ing discounts on that, to bo[ost] its flagging output and help [its] ailing balance of payments.

Opponents of the BNOC r[ise] argue that Nigerian oil [has] always had a price edge o[ver] North Sea crudes, because [of] its better yields, and this mea[ns] the UK reference price shou[ld] be lower than the Nigeri[an] rather than the same.

The fact that the Nigeri[ans] are discounting below their [re]ference price reinforces [the] need for a BNOC reduction [of] at least 50 cents a barrel, th[ey] say.

Those favouring a North S[ea] price rise of $36.50 say [dis]tressed selling by Nige[ria] should not influence BNOC [too] much. The price cuts introduc[ed] on North Sea oil last summ[er] will have built up a custom[er] loyalty which must be weigh[ed] in the balance, they argue.

Both sides will be keep[ing] a close watch on spot mar[ket] prices to support their ar[gu]ments. There were indicati[ons] yesterday of some spot mar[ket] weakening, with Forties cr[ude] quoted around $36.60 a bar[rel] compared with $36.75 at the e[nd] of last week.

Esso up 2.82p a gallon

BY SUE CAMERON

ESSO raised its wholeale petrol prices today by 2.82p a gallon. It plans to end price support for its dealers in areas where price competition at the pumps is less intense.

The increase follows crude oil price realignment by the Organisation of Petroleum Exporting Countries.

Saudi Arabian marker crude prices have been raised from $32 to $34 a barrel, and North Sea crude prices may go up from $35 to $36.50.

Over 40 per cent of Esso's UK crude requirement is bought from Saudi Arabia. Most of the rest comes from the North Sea.

Esso's moves follow [BP's] decision on Monday to [raise] its four-star wholesale prices 2p a gallon and withdraw price support for dealers.

BP reckoned its action [wo]uld add about 4p to pump pri[ces] taking the average cost of [a] gallon of four-star to betw[een] 172p and 175p.

Esso is taking a more cauti[ous] line on withdrawal of p[rice] support for dealers. Yester[day] the company made clear tha[t it] would cut support to dea[lers] only if pump prices rose [to] sufficiently high levels.

In areas where competi[tion] remained fierce it would [con]tinue t osubsidise dealers.

Time-sharing house to be opened in Kensington

BY ROSEMARY BURR

SEVERAL CITY institutions are entering the property timeshare market. London Timeshare Properties, an eight-month-old company, has developed Allen House, Kensington, for time-sharing.

Shareholders in London Timeshare Properties include Electra Investment Trust; the Berry Trust; Northern Securities Trust; and two investment trusts from the Drayton Montagu stable. Mr Andrew Chilcott, an accountant who formerly ran his own firm, is the company's founder and managing director.

Under a time-sharing scheme individuals buy either the ri[ght] to use, or the ownership o[f a] property for a certain per[iod] usually two weeks. In the [past] timeshare property develop[ers] have been criticised because [of] the lack of regulation

The business is taking step[s to] establish a method of s[elf-]regulation. Leading pu[blic] companies such as Geo[rge] Wimpey and Barratt have [en]tered the market recently.

Mr Chilcott said that "w[ith] the high cost of hotel acco[mm]odation" time-sharing at Al[len] House would provide "a h[uge] saving to companies or in[di]viduals" for periodic visits.

British shipping pay increases criticised

By Lynton McLain

THE BRITISH shipping industry had suffered over the past decade because cumulative pay increases had "far outstripped those in north European countries and Japan," said Mr Edmund Vestey, the president of the General Council of British Shipping.

The wages bill of British shipping companies had increased by 70 per cent over the past four years. In West Germany over the same period, the wage bill had risen by 28 per cent, in the Netherlands by 19 per cent and in Japan by 16 per cent, he told the annual dinner of the Glasgow Shipowners' and Shipbrokers' Benevolent Association last night.

British ships were overmanned compared with other European vessels. A total of 32 men manned a British refrigeration vessel, five more than a comparable vessel in Norway.

At the same time, more merchant navy officers were out of work than at any time since the Merchant Navy Establishment reporting scheme started. Nearly 1,000 officers and 3,500 ratings report each week looking for work.

The problems of the shipping industry would be made worse if the European Commission went ahead with its plans to phase out the purchase of duty-free goods on ships, hovercraft and aircraft trading between member countries of the EEC, Mr Vestey said.

Newspaper fears secret courts

THE NEW Contempt of Court Act could lead to "secret courts," counsel for a newspaper challenging the working of the law said in the High Court in London yesterday.

Mr Desmond Brown was opening an appeal by Mr Ian Farquharson, a journalist on the West Sussex County Times, and the National Union of Journalists, against an Order of magistrates at Horsham, Sussex, banning further Press reports of committal proceedings of four men pending any Crown Court hearing.

Mr Brown, for the newspaper, told the Queen's Bench Divisional Court that he was submitting that the magistrates had no jurisdiction to make the ban under Section 4(2) of the 1981 Contempt of Court Act, having already made an Order under the legislation governing committal proceedings lifting reporting restrictions.

He told Mr Justice Forbes and Mr Justice Glidewell: "There is something in the editor's view that we are coming close to the day when there are secret courts.

"The editor's concern here is of a situation being reached in which papers cannot publish the names of the accused or the result of any committal proceedings. That is clearly wrong and clearly undesirable—which I emphasise with all the force I can.

"This is an important case so far as the Press is concerned, because if reporting of committal proceedings is forbidden, because it is postponed, there's the likelihood it will never be reported at all.

"Committal proceedings can be as interesting as the trial proceedings—one has in mind the Thorpe case."

Mr Angus Nicol, for Mr Farquharson and the NUJ, said the ban on Press reporting should be lifted because it was too wide.

The hearing continues today.

Tests boost ICI heart drug

BY SUE CAMERON

RESEARCH trials in the U.S. have shown that one of Imperial Chemical Industries' best-selling drugs can reduce the risk of patients suffering a second — and often fatal — heart attack by 26 per cent.

The drug is propanolol, which is sold under the brand name Inderal. Industry experts in the U.S. believe that almost 100,000 lives could have been saved if Inderal had been licensed as a heart attack preventive in America in 1965 — when the UK authorities gave it clearance for sale.

Inderal's value in preventing second heart attacks came to light during trials by the U.S. National Heart, Lung and Blood Institute. A total of 1,916 patients were given Inderal while a control group of 1,921 people were given a placebo. All the patients had suffered one heart attack.

The ICI drug proved so successful in reducing the risk of a second heart attack that the institute cut short the trials and put all the patients on Inderal. The decision was taken last month after 183 of the patients taking a placebo died from a second heart attack. Only 135 of those taking Inderal had died.

The UK-based ICI clearly hopes that the results of the institute's trials will boost sales of Inderal. Some industry experts reckon sales of Inderal in the U.S. were worth $170m last year. Others estimate that worldwide sales total only some £100m.

The rival, U.S.-based Merck's Blocadren, is already approved as a heart attack preventive in the UK. The preventive qualities of Blocadren have been well-publicised in the U.S.

Both drugs are beta blockers and are used against heart disease generally.

ICI does not sell Inderal in the U.S. itself. It has licensed the drug to Ayerst, a subsidiary of the U.S.-based American Home Products.

BA to sell 18% of holding in Cyprus airline

BRITISH AIRWAYS is to reduce its stake in Cyprus Airways from 23 per cent to 5 per cent, with a sale of shares to the Cyprus Government, the airline said last night.

British Airways sold its 15 per cent stake in Cathay Pacific Airways last year and its only stake in another airline is now with Air Mauritius, in which it holds 15 per cent.

Mr Stavros Galatariotis, the chairman of Cyprus Airways, said BA had decided to sell most of its shares in Cyprus Airways to the Cyprus Government "at prices below those quoted by stock exchange dealers."

Under the plan, the Cyprus Government would be the main shareholder with 73 per cent of the equity in Cyprus Airways.

Mr Galatariotis said the Cyprus airline is to decide soon on the purchase of three wide-bodied aircraft at a total cost of about C£65m (£78m).

the airline is considering aircraft from McDonnell Douglas, Lockheed, Boeing and Airbus Industrie. Talks are under way with each manufacturer.

Mr Galatariotis said Soviet Tuplove and Ilyushin aircraft also have been considered, but were ruled out, mainly because of high fuel and maintenance costs. The current Cyprus Airways fleet is three British BAC 1-11 and four Boeing 707 aircraft.

Cyprus Airways lost £3m last year.

N. Sea oil will stay under UK control, Lawson says

BY IVOR OWEN

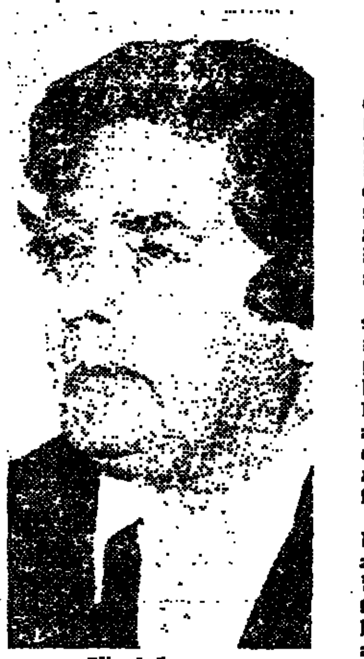
PRIVATE SECTOR investment in the British National Oil Corporation's oil producing business is likely to be very widely spread, Mr Nigel Lawson, the Energy Secretary, forecast in the Commons last night.

He assured Opposition leaders that there would be no question of foreign interests gaining control over North Sea oil production policy.

Mr Lawson, speaking in the resumed debate on the Queen's Speech, said BNOC's oil producing business would be sold as a single entity and not broken up in a manner which allowed particular assets to be disposed of one by one to foreign multinational companies.

He said: "The business will quite simply be floated intact on the Stock Exchange as an independent British oil company, in which the people of Britain — including in particular the employees of BNOC — will be for the first time able to acquire a genuine stake."

Bill Pitt



Nigel Lawson

The Minister said there was concern that the Government's denationalisation proposals — a Bill enabling them to be put into effect will be published shortly—might result in control over North Sea oil production passing out of British hands altogether.

But he insisted that with a substantial Government minority holding—the precise proportion has yet to be specified—coupled with the fact that the ownership of the rest of the shares was likely to be very widely spread, made such a development unlikely.

Mr Lawson promised that as a further protection the Government would ensure the articles of association of the new company contained effective safeguards aginst any undesirable change of control.

He argued that the preservation of the national interest was not really an issue because BNOC's oil producing business accounted for only 7 per cent of total output from the North Sea.

What mattered was the control which the Government had over the North Sea oil industry as a whole.

Mr Lawson emphasised: "That control, which is far reaching and crucial, is wholly unaffected by the privatisation of the oil-producing business of BNOC."

Mr Lawson reminded MPs that BNOC's oil trading business would remain 100 per cent state-owned. The heart of this was its unassailable right via the system of participation agreements to up to 51 per cent of all UK North Sea oil whoever may have produced it and brought it ashore.

"That remains and that is what matters," he declared.

The tax regime, which at the margin could claim for the public coffers up to 90 per cent or more of the oil revenues from individual fields, was another instrument which ensured the national interest was protected.

He contended that against this background it could be said that the myth of an abdication of national control had been nailed once for all.

He rejected allegations made earlier by Mr Tony Benn, who was due to speak from the Opposition Front Bench later in the debate, that the introduction of private capital would lead to more of the North Sea gas reserves being flared.

Mr Merlyn Rees, Labour's Shadow Energy Minister, said the Opposition would vigorously contest the forthcoming legislation. "We will fight this Bill. Our natural resources must be owned by the community," he said.

Mr Rees said any interests contemplating buying shares to be put on offer by the Government should bear in mind that Labour's firm resolves was to restore BNOC's assets to public ownership in a manner which ensured that no private speculative gains were made at the nation's expense.

In his maiden speech Mr Bill Pitt, the new Liberal MP for Croydon North West, said it was unlikely that the Liberals would support the Government over the sale of BNOCs assets.

He claimed that in reality the Government was seeking to use the money raised from the sale inorder to keep down the size of the Public Sector Borrowing Requirement which was running at such a high level because 3m people were unemployed.

Foot faces unease in shadow Cabinet

By Elinor Goodman, Political Correspondent

ON HIS first anniversary of taking over as leader of the Labour Party, Mr Michael Foot last night faced growing opposition from within the shadow Cabinet after he used a radio interview to reaffirm his basic belief in the need to accommodate the left.

The interview infuriated shadow Ministers on both the right and the centre of the party who are desperately looking for a sign that Mr Foot recognises what they see as the dangers to the party caused by his determination not to alienate the Left any further.

The only sign of hope Mr Foot offered the right was his attitude to the Trotskyist Militant Tendency organisation. He made it clear that he was open to suggestions about how best to tackle it.

Mr Foot has been under increasing pressure from the right over the past few weeks to take action against Militant.

Yesterday, he repeated that he did not believe it would be easy to expel members, but stressed that there would be an opportunity to raise the issue again on the party's national executive committee. He repeated that in his view Militant was a "pestilential nuisance."

In discussions with MPs over the last few days, Mr Foot has given the impression that he might go along with some new inquiry into the whole question of entryism if somebody could come up with the right formula.

But right wingers are saying that what they want from Mr Foot is real leadership rather than just his passive compliance.

Morale within the Labour Party has been badly hit by the continued popularity of the Social Democrats, as shown by the opinion polls, and Labour's failure to win the Croydon by-election.

The shadow Cabinet is to discuss the whole question of future tactics tonight in advance of next week's meeting of the Parliamentary Labour Party, and last night some shadow Ministers were considering using the meeting to urge Mr Foot to take a tougher line with the far left.

In the BBC interview yesterday, Mr Foot acknowledged that he had failed to unite the party. But he said he had not the "slightest intention of giving up" and he made it clear that he had no intention of altering his basic strategy.

He insisted that right wingers were wrong in saying he was trying to "appease" the left.

What he was doing, he said, was trying to reconcile the different wings of the party so that they could unite in the fight against the Government. He stood by his support for Mr Tony Benn for the shadow Cabinet and was adamant that it would have been a misuse of his power as leader to have tried to oust Mr Benn from his position as chairman of the home policy committee.

Unionists attack summit 'betrayal'

BY MARGARET VAN HATTEM, POLITICAL STAFF

AN ULSTER Unionist yesterday attacked the Government for its "betrayal" of the people of Northern Ireland at last week's Anglo-Irish summit in London.

Mr James Molyneaux, leader of the Official Ulster Unionist Party, said ordinary people in the province felt "a sense of betrayal which no amount of explanation or denial can remove."

Mr James Kilfedder (UU, Down N), accused the Prime Minister of taking "a significant first step to easing Northern Ireland out of the UK" and of "betraying the birthright of the Ulster loyalists."

But Mr Kilfedder's attack on the "sickeningly cowardly murders of Protestants" on the new Anglo-Irish Council—which he said would not stop the atrocities and the "crocodile tears" of the primate of all Ireland, Cardinal O'Fiaich—only spurred Mrs Thatcher into praise of the Irish government.

"I disagree with much of what you say," she told Mr Kilfedder. The Irish authorities were providing "wonderful cross-border co-operation" which was proving very valuable in the battle against terrorism.

Mr Enoch Powell (OUP, Down S), warned that most of Ulster Unionists "rightly regard the Anglo-Irish talks as a conspiracy against them with their enemies."

"I don't think the majority in the United Kingdom take that view," Mrs Thatcher replied.

However, in a later reply to Mr Stephen Ross (L. Isle of Wight), she conceded that little progress had been made in persuading the Republic to extradite suspected terrorists and she doubted whether progress could be made though efforts would continue.

As Mrs Thatcher rose to make her statement on last Friday's summit talks, she was interrupted by the Rev Ian Paisley, Democratic Unionist Party leader, who created uproar by calling down loudly from the side chamber: "On behalf of the people of Ulster I would like to say that the Prime Minister is a liar and a traitor."

He then marched out, and waited a few minutes behind a side door while a fellow Democratic Unionist MP, Mr Peter Robinson, shouted: "On behalf of the people of Ulster, . . ." and walked out in the ensuing uproar. The two walked off together smiling broadly.

Later, Mr John Biggs-Davison (C Epping Forest), urged the Prime Minister to show her support for the Unionists lest they feel their only support at Westminster came from "extremist loyalist exhibitionists."

Mr Gerry Fitt (Ind, West Belfast), welcomed the talks. "The vast majority of people in the island of Ireland and in this island will welcome these talks for what they are—an attempt to cement friendly relations."

But he criticised Government secrecy during the December summit and warned that further secrecy would assist attempts to sabotage Anglo-Irish co-operation. Such attempts were already underway in the Irish Parliament, he said.

Mr Michael Foot, the Labour leader, said the Opposition supported continuous and clo[se] contacts between the t[wo] Governments and hoped su[ch] meetings would be ful[ly] reported to the Commons.

James Molyneaux

Saudi plan for Mid-east peace 'important' Carrington says

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONTROVERSIAL Saudi Arabian plan for a Middle East peace settlement is an "important and constructive step" Lord Carrington, the Foreign Secretary, told the Lords last night.

He said he had been encouraged by his discussions last week with Crown Prince Fahd of Saudi Arabia, the author of the proposals.

It had been anticipated that the Foreign Secretary — who was opening the Lords foreign affairs debate on the Queen's Speech — would take the opportunity to give a detailed analysis of the Middle East situation.

In particular, he was expected to try to dispel concern over the apparent policy differences between Britain and the U.S. and over Israel's hostility to the Saudi Arabian plan.

In the event, these hopes were disappointed. Lord Carrington skated over the Middle East situation in six paragraphs without even mentioning the contretemps with the U.S. It was left to Baroness Llewelyn-Davies from the Labour front bench, to voice the worries of the House on that score.

The Foreign Secretary, who is is the current president of the EEC Council of Ministers, expressed the Community's support for the agreement on the withdrawal of Israeli forces from Sinai.

It was in the interests of all parties that this should be implemented smoothly, and that was why Britain was exploring the possibility of participating in the Sinai multinational force.

Dealing with East-West relations, Lord Carrington emphasised that the lines of communication had to be kept open.

Lord Carrington

"There is scope for progress if the Soviet Union is ready, as the West is, to show restraint in its international activities" he said.

Above all, Britain wanted to see real progress on arms control and disarmament.

The U.S.-Soviet negotiations on theatre nuclear forces later this month would require an objective approach based on balance. It was not good enough for Russia to call for a moratorium which would only perpetuate the present imbalance.

Nato was willing to accept equal ceilings at the lowest possible level: "We are ready to look again at our deployment plans in the light of progress in negotiating Soviet reductions."

The ideal outcome would be a zero level on both sides. This would involve the Soviet Union dismantling and destroying all its relevant long-range theatre nuclear missiles so that Nato could agree not to proceed with its new deployment.

Whether this, or something less ambitious, was achieved would depend on how far the Soviet Union was prepared to go.

"There are very real openings in negotiations about multilateral arms controls and the West is determined to exploit them," he commented.

On the EEC, he criticised the Labour conference decision for British withdrawal and commented: "Wanting to leave the Community is a sort of national death wish."

For the Opposition Baroness Llewelyn-Davies said the Government faced a bigger foreign policy gulf between Britain and the U.S. than at any time since Suez.

It had to work against the background of a conflict of views on the Middle East while trying to allay "the terrible anxieties created by the conflicting American statements about Nato policy on nuclear warfare."

She argued that for the U.S. to think and act as if war were inevitable could well make it so. That was why the statement from U.S. Defence Secretary Haig about the possibility of a demonstration nuclear weapon being used by Nato in the event of war was so serious.

The Soviet Union, as well as European states, was increasingly worried by the belligerancy of U.S. pronouncements and and lack of a coherent American foreign policy.

PM backs London far[es] judgment

Financial Times Reporter

THE PRIME MINISTER yest[er]day gave her backing to [the] Appeal Court's decision on [the] illegality of the Greater Lon[don] Council's policy of financ[ing] cheap bus and tube fa[res] through the rates.

"The judgement will ha[ve] been greeted with great rel[ief] on the part of many peopl[e]" she told MPs at Question Ti[me].

Mrs Thatcher also rebutte[d] Labour MP's accusation that [the] court had made a "politic[al] judgement, not a judicial [one]".

To shouts of "Rubbi[sh]" from Labour MPs she s[aid]: "Judges give decisions on [the] law and the evidence bef[ore] them. They do so totally [im]partially."

Lord Denning, Master of [the] Rolls, had said earlier in [the] Appeal Court that the Lab[our] controlled GLC's fares-cut decision was outside its st[atu]tory powers and must [be] quashed.

In the Commons, Mr J[ohn] Hunt, Conservative MP [for] Bromley, the local council wh[ich] took the GLC to court, as[ked] the Prime Minister to c[om]ment.

"They alone among London boroughs have st[ood] up against the rapaci[ous] demands of the GLC. [Will] you lend your support to [the] continuing efforts on beha[lf of] London's hard-pressed [rate]payers?" he asked.

Mrs Thatcher replied: "I [cer]tainly join with you in [con]gratulating Bromley council [on] their initiative."

Mr Alex Lyon (Lab, Yo[rk]) asked the Prime Minister [to] "recognise the danger [of] judges allocating to themse[lves] political decisions."

Mrs Thatcher said [she] rejected his comments.

Cuts in Navy 'will go ahead'

FINANCIAL TIMES REPORTER

REPORTS that the Government is reconsidering cuts in the Navy, announced earlier this year, were denied yesterday by Mr Peter Blaker, Minister of State for the Armed Forces.

Mr Douglas Jay (Lab. Battersea N.) pressed the Government during Commons Question Time to say if it was discussing with the United States "possible modification" of the cuts.

Mr George Robertson (Lab. Hamilton) from the Opposition front bench, said that reducing dockyard facilities, one of the main cuts, was likely to "undermine the whole credibility" of the Government's decision to place more importance on hunter-killer nuclear submarines.

Mr Blaker said the changes affecting the Navy were not being reconsidered. He said he had visited several of the Royal dockyards. "The more I learn about the subject the more I am satisfied we shall have adequate capacity for the refitting of our submarines," he added.

Mr John Nott, Defence Secretary, said the Government still did not know the final cost of the proposed Trident nuclear submarine missile system.

The Government's original estimate of £5bn could rise to £8bn because of the development of a bigger missile, according to reports. Mr Nott said the Government is studying the matter.

He rejected Opposition attacks on Trident and insisted it was subject to cash limits like other projects. A recent poll showed 67 per cent of people want Britain to retain an independent nuclear deterrent, he claimed. He went on "to predict that even if the Tories lose the next election, whichever party came to power would continue the project.

Mr David Trippier (Con. Rossendale) said the cost of Trident was equivalent to 2p per day per person. "Even though some people may think Trident is expensive it is nowhere near as expensive as the war it will help prevent," he said.

Ministers reach accord on Employment Bill

By Elinor Goodman, Political Correspondent

MINISTERS yesterday reached broad agreement on the contents of next year's Employment Bill.

At a meeting of Ministers yesterday morning, Mr Norman Tebbit, the Employment Secretary, was given the go-ahead to put his controversial proposals on union reform into a discussion paper which will be published later this year. It will then form the basis of legislation to be introduced early next year.

The paper will have to go back to Ministers for final approval before it is published. It will then be open to trade unions and employers to comment on the proposals.

But despite predictions that Mr Tebbit would run into opposition from some of his colleagues for the tough line he proposed taking in the legislation, he does not seem to have had much trouble so far in carrying other Ministers with him.

Thatcher says spy revelations were no surprise to Ministers

FINANCIAL TIMES REPORTER

MRS THATCHER yesterday rejected charges that ministers had not been informed about details of spy cases in the last decade. And she told MPs when challenged in the Commons: "Nothing that has been said recently has come as a surprise to me in any way."

The Prime Minister faced questions from several MPs about the spy saga during Question Time. But she insisted throughout that it would be wrong to name people knowing that there was not sufficient evidence to mount a prosecution.

She told Labour Left-winger Mr Dennis Canavan (West Stirlingshire) who accused her of a "witewash," that her replies had been "very forthcoming."

But she said: "I have made it clear in my replies we should never use parliamentary privilege to imply guilt by association or by accusation, nor should we use it to name people, knowing that we have not sufficient evidence to mount a prosecution.

"That, I believe, is the right view to take, and it is a view I shall continue to take."

Mr Canavan demanded: "How many more members of the Old Boy network of spies and traitors must the media reveal before the Prime Minister comes clean and accedes to my demand for a full-scale public inquiry into this establishment cover-up?"

He claimed that the Sunday Times might name two more traitors next weekend, "One of whom apparently expressed surprise at not being prosecuted after confessing to MI5."

Mr Alan Beith (Berwick-upon-Tweed) suggested devising "secure mechanisms" so that Parliament could make Ministers answerable on such matters.

This was one of the lessons of the Long case, said Mr Beith. "If Ministers don't have to answer to Parliament for particular matters, they are likely to be told less about them."

Mrs Thatcher told him: "Some of the reports said Prime Ministers are not informed. . . . At least for the last decade, Prime Ministers and Home Secretaries have been informed, and nothing that has been said recently has come as a surprise to me in any way."

Tory back-bencher Mr Harvey Proctor (Basildon) asked Mrs Thatcher to confirm whether investigations had been made about Leo Long's activities between 1946 and 1952 when he had held a more senior position in intelligence with access to sensitive information.

"Or are we relying on his own words as a self-confessed spy?" he asked.

Mrs Thatcher replied that she would not wish to answer such a question without prior notice.

Government n[ot] to intervene in P & O dispu[te]

By John Lloyd, Labour Correspondent

THE Government has refu[sed] to provide a subsidy to k[eep] afloat the P & O ferry ser[vice] between Liverpool and Bel[fast]. It will close today as pro[test] strikes on other P & O s[hips] appear to be spreading.

The Prime Minister told Commons during Question T[ime] yesterday that she had no in[ten]tion of intervening in the [dis]pute or of providing a subs[idy].

A deputation of Labour [MPs] and trade unionists, led by Don Concannon, the shado[w] Northern Ireland Secretary, earlier met Mr James Prior, Northern Ireland Secretary, [and] Mr Michael Heseltine, Environment Secretary, a[nd was] given the same message.

However, Mr Concannon s[aid] later that they were told [that] two other "strong contende[rs]" were willing to take over [the] route.

Labour MPs are to raise the issue in the Comm[ons] today as union action is ste[pped] up.

White Paper spells out injury benefits

BY ERIC SHORT

THE GOVERNMENT yesterday published its plans for streamlining the Industrial Injuries Scheme to concentrate resources on the most severe cases of disablement at work.

The White Paper proposes that five of the eight benefits now made under the scheme would be withdrawn. These would include the industrial injury benefit, minor disablement benefits and industrial death benefit. These would be incorporated in the general social security provisions.

Only three main benefit payments would remain—a disablement benefit, a reduced earnings allowance and an exceptionally severe disablement allowance.

The Industrial Injuries Scheme was established in 1948 at the same time as National Insurance. However, it was a continuation of various schemes set up to deal with injuries sustained mainly by manual employees at work.

Employees so disabled could claim from either scheme but initially the Industrial Injuries Scheme paid much higher benefits.

Since 1948 the benefit differential has declined in percentage terms and there is now considerable overlap between the two resulting in duplication of administration. The Government issued a Green Paper in 1980 seeking views on the future of the Industrial Injuries Scheme.

The levels of the remaining benefits are to be improved and spending on the scheme will be higher than now, up from £54m to £61m in the first year. Savings are expected later and the administration savings from the streamlining scheme could lead to further improvements.

The White Paper says that the new arrangement will be more effective than the present system in helping those employees who rely primarily on their industrial injury entitlement. But the help is at the expense of people who have alternative rights elsewhere in the social security system, where benefit levels are slightly lower.

The White Paper rejects extensions of the scheme to cover the self-employed or people injured or killed on their way to or from work. It claims that the self-employed do not want to be included in the scheme because they would have to make extra contributions and there would be legal and administrative difficulties in covering employees travelling to and from work.

Prior tipped as Tory leader

By Our Labour Editor

MR DENIS HEALEY, dep[uty] Opposition leader, has clai[med] that Mr James Prior, the No[rth]ern Ireland Secretary, could [be]come leader of the Conserva[tive] Party before the next gen[eral] election.

He said: "I think that British people and the T[ory] Party will not be able to [take] another year of Tory poli[cy] and we may find a revolt aga[inst] Thatcher next year and the [n] across the water—King Jim coming across and taking ove[r]."

Mr Healey was speaking [to] the Journal of the Associ[ation] of Professional, Execu[tive] Clerical and Computer Staff.

Vauxhall offers workers 5% rise

JOHN LLOYD, LABOUR CORRESPONDENT

MEETINGS of Vauxhall's manual workers will vote 5 per cent pay offer over the next few days.

The offer, the highest by any company so far this year, put pressure on the Ford at present stalled on a per cent offer linked to an ency pledge.

Like Ford, Vauxhall shows and continuing losses, a loss of £83.3m in 1980. the first six months of this there was a further £59.8m

The offer will be voted on the breakdown last of talks in the joint iating committee, which s together local union ls and senior Vauxhall gement. A meeting with al officials on Monday to break the deadlock.

The offer includes the reduc of the working week from 39 hours, conditional on agreement to drop the 10-minute tea-break on Friday afternoons.

The ffoer is not conditional on increased efficiency, as in the case of Ford, although the company said yesterday that efforts would be made to improve productivity.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, said Vauxhall, together with BL, had given a lead which Ford should follow in reducing working time.

White-collar workers at Vauxhall have already begun a work-to-rule and overtime ban in protest against the sacking of 200 office staff. They are the last of 1,700 workers made redundant in July, most of whom have gone voluntarily.

A mass meeting of some 1,500 members of the white-collar engineering union AUEW Tass, held yesterday, voted to continue the action.

Unity urged in local authorities pay struggle

By Phillip Bassett, Labour Staff

TUC public service union leaders yesterday decided to alert members to be prepared to give "practical, moral and financial" help to support Britain's 1m local authority manual workers in pressing their pay claim this year.

The decision by the TUC public services committee is a further step in trade union efforts to try for closer co-ordination this year on public services pay bargaining faced with the Government's pay provision of 4 per cent.

While the practical effect of the committee's decision is still unclear, union leaders decided that since the council manuals seemed to be again in the forefront of public service pay negotiations, efforts should be made to support them.

The employers are not expected to reply to the manual workers' claim for rises in line with the prevailing rate of price inflation, shorter hours and longer holidays until early next month.

The committee welcomed the fact that a number of unions in the public services had brought forward their claims in an effort to achieve closer co-ordination. It decided that the core of such claims should be price-linked rises and shorter hours. The TUC will produce a document for membership distribution laying out sample claims.

● Nurses' leaders decided yesterday to seek an urgent meeting with the Prime Minister over what the Confederation of Health Service Employees describes as the Government's "shameful" attitude towards nurses' pay.

The unions have been in negotiation for some time on a formula to try to protect nurses' pay from erosion by inflation. But Cohse claims that the Government intends to make no move on the implementation of such a formula until the inquiry into Civil Service pay has reported next summer.

One depot unlikely to halt the oil

Ivo Dawnay looks at reactions by tanker-drivers to the strike call

THE MAJORITY of tanker-drivers and depot workers at BP's Townmead Road terminal in Fulham were vigorously opposed yesterday to the pay strike threatened for Monday.

Whether the same is true to Transport and General Workers' Union members at depots with a more militant reputation like Heathrow is a question that will be close to the hearts of the 60-odd shop stewards who called on Monday for a second ballot of their members.

A straw poll of about 15 Fulham workers taken at random yesterday failed to find a single driver or depot man who had endorsed the union's call for strike action on the 11 per cent claim.

Several workers said that less than 20 of the terminal's 110 staff had supported the strike recommendation in the secret ballots of three shifts taken on Friday. Many felt strongly that the TGWU call for a second vote was little more than condescending.

One driver, a Fulham man with 22 years' service to the company, who would not be named, was adamant that an hour-long talk by shop stewards had more than adequately counter-balanced the views expressed to workers in a letter from BPs management.

"It was obvious everybody knew what they were voting for," he said, "We should take what we can get. It's bloody senseless to stop work."

Others were more than happy to express publicly their resentment at what they regarded as a highly political decision.

Raymond Hopkins, 41, a driver from Carshalton, declared himself "stunned" by the re-vote decision.

"I think we're pawns in a devious game of political chess," he said, "You've made your vote, and as far as I'm concerned that's it.

"They didn't like it because it's gone against them."

Several drivers and depot men expressed a similar sense of being "used," but the majority adopted a less indignant stance, confident that the second ballot on Thursday would underline the terminal's collective decision to accept the offer.

Mr Kenneth Wise, 38, of Fulham, felt "Very, very strongly" that the plant did not want to go on strike.

"The offer was a fair one, and I think everybody realises it. No one wants a strike, and I feel as if it has been taken out of our hands."

About 200 yards from the terminal gates, in the back bar of the Glenn public house, five depot workers, fuelled by a vigorous game of dominoes and some lager, found it hard to treat the re-vote as anything but a waste of time.

Mr James Hawkins, 38, a married man with 11 years' service at the terminal, was one of a number of drivers who specifically blamed Mr Alex Kitson, TGWU deputy general secretary, for the order

"The whole thing is political," he said, "Kitson is trying to use us as a weapon, and we're not having it."

Mr Ron Thomas, a depot shop steward, remained engrossed in his newspaper, confessing only that he barely knew who Kitson was.

A stewards' meeting that morning had seemed equally bemused by the call for a second vote, but he was confident it would go the same way.

"This is Fulham," he said. "We've always been a happy depot here."

Many workers were unable to draw a comparison between the company's 8 per cent offer and the 11 per cent won by Mobil drivers in May, because of the differences in overtime rates, allowances and other factors.

Acas chief appeals for soft line with unions

By Mark Meredith, Scottish Correspondent

MR PAT LOWRY, chairman of the Advisory Conciliation and Arbitration Service said yesterday that management would be short-sighted if it saw the recession as a chance to get its own back on the trade unions.

Mr Lowry was speaking to reporters after opening a one-day conference in Glasgow sponsored by Acas with the theme "preparation for change." Answering questions, he said that a revengeful attitude would make unions and employees anxious to return to the attack when the recession was over.

Mr Lowry opened the conference by reviewing some of the area for change in industrial relations such as the technological innovations and the impact of the recession. He appealed for sensitivity in industrial relations to yield long term results.

Acas officials were surprised at the turnout of over 200 managers, trade union officials and academics attending the conference.

Delegates were divided up into syndicates to discuss payment systems, bargaining structures, industrial relations procedures, negotiation issues in the 1980s, management development in industrial relations and communications

The conference was the first of its kind in Scotland

Miners hope for outline deal around 10%

BY OUR LABOUR EDITOR

PAY NEGOTIATIONS between the National Coal Board and the National Union of Mineworkers resume this morning with union leaders looking for a considerable improvement on the board's last offer.

Both sides hope to reach an outline deal to be put out in due course to a secret ballot of the 240,000 miners. The union is calculating that the basic rate increase offer will have to be near 10 per cent (against a 24 per cent claim) if acceptance in the ballot is to be assured.

The board's last offer was to raise basic rates by an average of 5.3 per cent—a range of £4.25 to £6 a week according to grade—with another £1 on the £30 a week target bonus payment and money set aside for other parts of the claim.

If the package of £71m—which would cost the Coal Board £85m in total—were spent on basic rates, the increases would be between 6 and 8 per cent.

The miners' negotiations were delayed while the BL crisis over a 3.8 per cent basic rate offer played itself out. But, perhaps a more potent influence on the miners than the BL workers' climbdown will be their own imminent ballot to choose their next national president. The presidential contest is overshadowing the pay issue this year.

But whatever the miners gain will be a pacemaker for negotiations in the rest of the financially secured nationalised industries

Most of the subsidiary elements in the miners' claim appear to be fading from the negotiations, but the union will today be looking for at least agreement in principle that miners should be salaried in future.

Teachers to claim 12%

By Michael Dixon, Education Correspondent

UNIONS REPRESENTING about 450,000 schoolteachers in England and Wales decided yesterday to join other TUC-affiliated public service unions in claiming pay rises of about 12 per cent, in defiance of the Government's 4 per cent target.

The teachers will ask for a rise from April 1 to compensate for increases in the cost of living, said Mr Fred Jarvis, general secretary of the National Union of Teachers and leader of the unions' side of the Burnham negotiating committee.

The last reported annual increase in the retail price index was 11.4 per cent.

The claim will be put to the education authority employers next month.

Injunction move to end sit-in by print workers

Financial Times Reporter

THE East Midland Allied Press group is applying for a High Court injunction to remove print workers from its head office at Peterborough.

More than 200 members of the National Graphical Association have staged a sit-in there since the weekend in support of demands for negotiating rights for advertising sales staff.

Their action has halted the Peterborough Evening Telegraph, several weeklies and a series a national publications.

The East Midland group decided yesterday to seek the injunction after the union voted to involve members at other offices in the group, who are asked to stop work from Friday.

This would halt the Northamptonshire Evening Telegraph at Kettering and other weeklies at King's Lynn, Norfolk; Bury St Edmunds, Suffolk and Market Harborough, Leics. The application is expected to be heard today.

Talks to save evening paper

Financial Times Reporter

TALKS were taking place yesterday in a bid to save the Chelmsford-based Evening Herald newspaper.

The 18-month-old paper, part of the Essex Chronicle Group, was due to close last Friday, but following intervention by Mr Les Dixon, president of the National Graphical Association, the management agreed to a temporary reprieve.

The talks between management and national print and journalist union officers cover economies planned by the company, which is part of Associated Newspapers. A total of 134 jobs are at risk.

FT COMMERCIAL LAW REPORTS

Experimental system in commercial practice

PRACTICE DIRECTION

Queen's Bench Division (Commercial Court): Mr Justice Parker: November 9 1981

Mr Justice Parker issued the *following practice direction* relating to a new experimental system for dealing with matters of urgency arising in the Commercial Court.

* * *

"As is stated in the Annual Practice, the Commercial Court has always sought to adapt its procedure to the continually changing needs of the commercial community and there has for some time existed, as a means of communication between the Court and that community, the Commercial Court Committee.

"One of the principal functions of the Court has been and still is to deal swiftly with urgent matters. This has been done by bringing on for trial swiftly, cases in which fore one reason or another, justice requires such a course to be taken, and by disposing as quickly as possible of other urgent matters such as applications for summary judgment, for orders continuing or discharging interlocutory injunctions, for interlocutory orders of various kinds, for orders to arbitrators to state a special case under the Arbitration Act 1950 or, now, motions for leave to appeal under the Arbitration Act 1979 and so on.

"Recently the volume of such urgent matters requiring early disposal has very considerably increased. In 1978 for example, 1,180 summonses occupying 115 judge days were heard while in the year to July 1981 the comparative figures were 2,106 summonses and 277 judge days.

"The result has been that return dates for such urgent matters have had to be put further ahead. In order that earlier return dates may be given for such matters which are likely to occupy less than one day, it has been decided, after discussion in the Commercial Court Committee, to introduce, initially for an experimental period only, a new system.

"As from Friday, November 20, all five Commercial Judges will normally sit on Fridays solely for the purpose of dealing with summonses and other short but urgent matters, and Tuesdays will cease to be summons days.

"I say normally, for it is recognised: (1) that such a practice might involve the parties to a case part heard on a Thursday in unjustifiable expense if the case were adjourned to Monday in order to enable the judge to deal with short matters on Friday; (2) that there may be short matters which for one reason or another cannot be heard on a Friday and must be heard on a Tuesday or some other day; (3) that if all judges are taking short matters on Fridays there may be insurmountable difficulties for both sides of the profession in having more than one matter in which they are involved coming on on the same day.

"The new system will therefore be operated on a flexible basis so as to obviate, or at least to reduce to a minimum, the foregoing difficulties and any others which may be found to arise when it is in operation.

"In order that the new system can operate efficiently two essential requirements must be fulfilled. They are: (1) Parties must notify the Commercial Court office of any change in the estimated lengths of their summonses or other matters immediately such changes become known: (2) Where counsel are involved in more than one summons listed for a particular date, notification of that fact must be made to such office by counsels' clerks not later than 9.30 am on the day prior to the return date.

*

"In anticipation of the possible introduction of this system, the number of matters listed for Tuesdays has been recently kept down to a minimum, but there are some which are still so listed. The parties involved should, if they possibly can, apply for the matter to be refixed for a Friday. This need not involve any delay.

"The new system will make it possible for some at least of the matters which are presently fixed for dates more than two months in the future to be refixed for earlier dates. Parties with such late return dates, who wish their matters to be heard earlier, should make application to Mr Bird [Clerk of the Commercial List] for earlier dates.

"In conclusion I would stress two points: (1) The purpose of the system is to accelerate urgent matters. Applications for leave to appeal under the 1979 Act are normally regarded as being in this category. I should, however, mention that there are several hundred applications for leave to appeal or other matters arising out of arbitration awards which were issued more than a year ago but for which no return date has yet been sought. Such, and other, dormant applications, although coming within a category normally regarded as urgent, will, if hereafter proceeded with, not be regarded as urgent in the absence of some convincing argument for sudden urgency being shown. It may be that many of them are in fact dead. If they are it would be of the greatest assistance to the Court if that fact could be notified as soon as possible.

"(2) It may be that the benefit to litigants which the new system is designed to secure will produce difficulties not presently envisaged. It will be of the greatest assistance if the existence of, and any suggestions for dealing with, any such difficulties are promptly communicated to the Commercial Court Committee in accordance with the open invitation which *appears at paragraph 72/8/3 of* the Annual Practice, or to the Commercial Court Office."

CONDUCT AS AID TO CONSTRUCTION

Jamil Line for Trading & Shipping Ltd v Atlanta Handelsgesellschaft Queen's Bench Division (Commercial Court): Mr Justice Parker: November 9, 1981.

WHERE AN arbitrator applies *the "officious bystander"* test as an aid to construction of a contract, he is entitled to have regard to the circumstances surrounding the contract, including the subsequent conduct of the parties.

Mr Justice Parker so held when refusing an application by Jamil Line for Trading & Shipping Limited charterers, for leave to appeal from an award made by arbitrators in favour of Atlanta Handelsgesellschaft, time charter owners, in a dispute arising out of a *charter-party agreed between* the parties.

*

His Lordship said that the issue raised a matter of construction of a contract in a one-off case and the applicaton for leave to appeal fell to be considered on the principles laid down in *The Nema* [1981] 3 WLR 292.

The charterers argued that the case fell outside *The Nema* because the arbitrators proceeded on the basis of the conduct of the parties subsequent to the agreement.

There was high authority that one must not look at subsequent conduct in order to determine the construction of a contract. However, if one were applying *the "officious bystander" test*, as were the arbitrators, it was legitimate to do so.

That test presupposed an officious bystander asking what was to happen "in such and such an event," and the parties replying that: "Of course, so and so is to happen. It is too plain to need saying." If one applied that test, or a test of business *efficacy, it was legitimate to consider* surrounding circumstances. Accordingly, the arbitrators were not at fault. Leave to appeal refused.

For the charterers: Jeffrey Gruder (Ince & Co.).

For the owners: A. M. Havelock-Allan (Richards, Butler & Co.).

BY RACHEL DAVIES
Barrister

RACING

BY DOMINIC WIGAN

BROWN CHAMBERLIN, pulled up by John Francome after blundering away his chance at the first obstacle on his seasonal debut at Kempton, should be back on the winning trail at Newbury today.

The Uplands six-year-old makes the trip of only a few miles to his local course for the Halloween Novices' Chase from which Fearless Imp was withdrawn at the final declaration stage.

Although the absence of Dickinson's recent winner will be a disappointment to some, the two-mile Halloween is far from uncompetitive with Tompion, Fire Drill, Hudson's Bay and Random Leg all taking their chances.

A second likely winner for Winter and Francome is the Winterbourne Chase runner, Gay Invader, who tackles Hudson's Bay stablemate Zagros half an hour after the Halloween

Broadheath and Joe Sunlight will both have their supporters for the second division of the Wood Speen Novices' Hurdle and although it may seem folly to pass over them both I believe that backers may get better value by suporting the Derek Kent newcomer Decorative. A useful performer on the flat, Decorative has always struck me as a potential hurdler of merit.

In the North, little is likely to separate course winners Midnight Love and Tangles Brother when they clash in Sedgefield's Dick Brewitt Memorial Chase.

NEWBURY

1.00—Killing Time
1.30—Major Knight
2.00—Brown Chamberlin**
2.30—Gay Invader
3.00—Super Symphony
3.30—Decorative***

SEDGEFIELD

1.45—Dear Remus
2.15—Tangles Brother*
3.15—Strike Action

MOTOR CARS

ART GALLERIES

EXHIBITIONS

GARDENS TODAY

Strawberry trees come true

BY ROBIN LANE FOX

ONE OF my gardening wishes came *true last week*. It was not a very ambitious wish, not like my long-term urge to grow a variegated Aralia and see it flower or indeed the grey-blue sort of Aquilegia which grows wild at the top of the Himalayas. More modestly, I had always wanted to see a strawberry tree in full flower and fruit.

Some years ago a reader sent me a picture of a strawberry tree wood in California where one of the best forms grows wild. My wish preceded his photo, but the sight of this spinney of wild arbutus has always lived in my mind, bright-barked, white-flowered and set with red fruits like tempting strawberries. Last week I met one at the right time of year.

Like most of my wishes, this one came true while I was aiming at something else. During the summer I had noticed a fine group of that unusual shrub, the Parrotia, tucked away in Oxford.

I only know this unusual shrub from its catalogue description. It refuses to grow on my alkaline soil and in late autumn I am too busy with the tulips to go and pursue it in a distant arboretum. Its leaves turn to a brilliant red-orange, like a large form of beech whose brown winter leaves have been treated to a course of highlights.

Off I went to find the *Parrotia* and indeed the visit was worth while. The tree has bold leaves and branches which spray outwards and upwards into a canopy about 15 feet high when mature. Its shape, I learned, is exactly what you would like when interplanting a large shrubbery of simple shapes or framing a grand feature, like a long low flight of steps.

Parrotia is classed with the witch hazels and therefore prefers a neutral or acid soil. It is a shrub for big spaces but is far more interesting out of season than the books had led me to believe. I would like to see it below the Lane Roberts form of liquidambar which I recommended last week.

On the rebound from the Parrotia, I walked into a strawberry tree and promptly transferred my loyalties. Irishmen will know it already as a native tree in the south-west, while our own West Country gardeners will be amazed that I have gone so long without seeing the value of a shrub which they grow so well. Late *October, however, is the season* for viewing arbutus, and it is not a time when I am usually on my travels.

There are several good forms, none of them common, in small gardens, and mine, I think, was the easiest. Arbutus Unedo is hardy, evergreen and tolerant of lime. It shows all its charms at once, a russet-red bark, evergreen leaves like a bay tree and scarlet strawberry fruits among small hooded white flowers.

It is at home from Ireland to Turkey and must be the variety which the Arcadian shepherds in Virgil's poems used to feed to their goats. Not even an Arcadian goat would have chewed gladly through its tough old bark, so their food must have been the rounded red berries which I can confirm to be edible, though they are one more taste on which goats and I part company.

The arbutus has an odd habit. After flowering, its fruits form so slowly that they do not ripen to a strawberry red until the following autumn. By then, the next crop of waxy white flowers is in full flow, so seed and flower coincide. The flowers resemble a bell heather's fruits a strawberry with a rough skin like a small lychee.

In most gardens it will not grow much above 7 ft and would *match well* with the scented white flowers on a winter-flowering Viburnum. Unedo also has a pink-flowered form which is said to be very prolific in fruit, though the plain variety holds the higher prizes to date from the RHS judges.

Other arbutus trees do not coincide in fruit and flower but are almost as remarkable if you can please them. The experts agree that the best is a hardy hybrid called Andrachnoides whose name means "spider-like." When mature, this has a marvellous cinnamon-red bark of the kind which Vita Sackville-West called "tattery."

This is its only spidery feature and otherwise it is a small evergreen tree with white flowers in mid-October. The fruits are not so prolific but the bark is bright and very curiou[s]. One of my favourite gardener[s] considers it the best evergree[n] tree for any garden, whateve[r] the lime in the soil.

In California, finally, th[e] strawberry tree takes a differen[t] course. The flowers on the for[m] called Menziesii turn up ... bunches during the spring an[d] fruit follows later in th[e] autumn. This lovely tree is n[ot] very hardy when young but w[ill] race away in the milder garde[ns] of the west and south.

It germinates freely fro[m] seeds sown an inch deep in sandy compost and Americ[an] seed lists would stock yo[u] cheaply with your own forest [if] the Gulf Stream runs near yo[ur] house. The branches have smooth red bark which I pref[er] to the peeling spidery form.

You can see a superb tree [in] the Welsh Gardens at Bodna[nt] which was moved as a you[ng] seedling, the best moment f[or] fast-growing trees which disli[ke] to be disturbed when old. T[he] American form hates lime b[ut] will grow apace in the rig[ht] position. The early explore[rs] in Vancouver were enchant[ed] by it.

"The traveller, forester, art[ist] and hunter," wrote one of the[m] "is held by the spell of its cro[wn] of flowers, its mass of red fru[it,] its terra cotta bark a[nd] burnished leaves."

Almost nobody grows it now[a]days. In my old age I will mo[ve] to a warm, acid garden a[nd] round off my ambitions [with an] arbutus with this star vari[ety] from the Redwood Forests.

TELEVISION

Chris Dunkley: Tonight's Choice

In a pastiche of Tom Lehrer's warning that if any good songs are to come out of the Third World War we had better start writing them now, Professor Laurence Martin declares that if any clear thinking is to be done on the subject it had better be done now. He offers up the results of his own thinking in the first of his six Reith Lectures on Radio 4 at 7.45. One day perhaps television will catch up with radio in the matter of serious lecture series; annual single events such as the Bronowski Lectures are just not comparable.

Still, television does have its own glories: **Life On Earth** may not be intellectually over-demanding, but it is very beautiful to look at, especially tonight's episode for which Attenborough dons swimming trunks in a quest for starfish, molluscs, and even more primitive aquatic life forms. Anyone who watched the *1957 film "In Prison"* yesterday should try to watch **Strangeways** today. Shot in the same prison nearly 25 years apart, the two programmes provide a unique indication of the changes in social attitudes and documentary film styles in post-war Britain and the lack of change in prison conditions. **All Those Hard Luck Stories** ends its too-short run by looking at the problems social workers face in dealing with the elderly.

BBC 1

9.05 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London): London and SE only: Financial Report; News Headlines. 1.00 Pebble Mill At One. 1.45 Fingerbobs. 2.01-3.00 For Schools, Colleges. 3.15 Songs of Praise from Linlithgow. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 The Record Breakers with Roy Castle and Norris McWhirter. 5.05 Newsround. 5.10 Wonderful Railway.
5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.55 Wednesday Film: "The Enemy Below," starring Robert Mitchum.
8.30 Love Story: Wilfred and Eileen (a serial in four parts).
9.00 Party Political Broadcast by the Conservative Party.
9.05 News.
9.30 All Those Hard Luck Stories.
10.00 Sportsnight: Football League Cup (highlights from one of tonight's third-round ties), plus news and results of all tonight's matches.
10.50 Parkinson.
11.50-11.55 News Headlines.

BBC 2

10.20 am Gharbar.
11.00 Play School.
3.55 pm One Man and His Dog.
4.35 Christopher Hogwood Plays Mozart.
4.40 Vikings.
5.10 The Great Liners.
†5.40 The Five Faces of Doctor Who.
6.00 Grange Hill.
6.30 Life on Earth.
7.25 News Summary.
7.30 Villagers.
7.50 Collecting Now.
8.20 Strangeways.
9.00 M*A*S*H.
9.25 The Borgias.
10.20 Out of Court.
10.50 Party Political Broadcast by the Conservative Party.
10.55-11.45 Newsnight.

LONDON

9.30 am Schools Programm[es]. 12.00 The Munch Bunch. 12.10 Rainbow. 12.30 Turning Po[int]. 1.00 News plus FT Index. Thames News with Ro[bin] Houston. 1.30 Armchair Thril[ler]. 2.00 After Noon Plus presen[ted] by Mary Parkinson with Avila. 2.45 Charlie's Angels. Emmerdale Farm. 4.15 Kid[din'] the Kitty. 4.20 Country Cam[...] 4.45 Fanfare for Young M[usi]cians presented by Melvyn [...] 5.15 The Brady Bunch.
5.45 News.
6.00 Thames News Andrew Gardner and Carter.
6.20 Help with Viv Taylor
6.30 Crossroads.
7.00 This Is Your Life Eamonn Andrews.
7.30 Coronation Street.
8.00 Starburst.
9.00 Diamonds.
10.00 Party Political Broad[cast] by the Conservative P[arty].
10.05 News.
10.35 "Shampoo," star[ring] Warren Beatty, [Julie] Christie and Goldie H[awn].
12.35 Close: "Sit Up [and] Listen," with Anne S[...] James.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Strumpet City. 5.15 Happy Days. 6.00 About Anglia. 12.35 am The Big Question—*David Self chairs the discussion on* the Second Coming.

ATV
1.20 pm ATV News. 2.45 Tenspeed and Brown Shoe. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today.

BORDER
1.20 pm Border News. 2.45 Strumpet City. 5.15 Mickey, Donald and Friends. 6.00 Lookaround Wednesday. 12.35 am Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 Strumpet City. 5.15 How's Your Father. 6.00 Channel Report. 10.00 Life in France. 10.33 Election '81 *(including Late News Headlines)*. 12.00 Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Strumpet City. 5.15 Batman. 6.00 North Tonight. 12.35 am North Headlines.

GRANADA
1.20 pm Granada Reports. 2.00 Live from Two. 2.45 Bracken. 5.15 Mickey, *Donald and Friends.* 6.00 *Granada* Reports. 6.25 This Is Your Right.

HTV
1.20 pm HTV News. 2.45 Strumpet City. 4.15 Ask Oscar. 5.15 Crossroads. 6.00 Report West. 6.30 Benson. 10.33 HTV News.

HTV Cymru/Wales—As HTV except 12.00-12.10 pm Fflalabalam. 4.15-4.20 Kiddin' the Kitty. 4.45-5.15 Goglis. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre.

SCOTTISH
1.20 pm News, Road and Weather. 2.45 Strumpet City. 5.15 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 World Worth Keeping—Fyfe Robertson. 12.35 am Late Call.

SOUTHERN
1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.45 Charlie's Angels. 5.15 *Crossroads. 6.00 Day by Day.* 6.30 Mork and Mindy.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Strumpet City. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. Northern Life. 10.35 North East N[ews]. 12.35 am Remembrance.

ULSTER
1.20 pm Lunchtime. 2.45 Str[umpet] City. 4.13 Ulster News. 5.15 C[ross]roads. 6.00 Good Evening Ulster. Ulster Weather. 12.35 am Bedtim[e].

WESTWARD
12.27 pm Gus Honeybun's Birth[days]. 1.20 Westward News Head[lines]. 2.45 Strumpet City. 5.15 How's Father. 6.00 Westward Diary. Westward Late News. 12.35 am [...] for Life. 12.40 West Country We[ather] and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. Strumpet City. 3.45 The Entertai[ners]. 5.15 Emmerdale Farm. 6.00 Cal[endar] (Emley Moor and Belmont editi[ons]).

RADIO

(S) Stereophonic broadcast
‡Medium wave

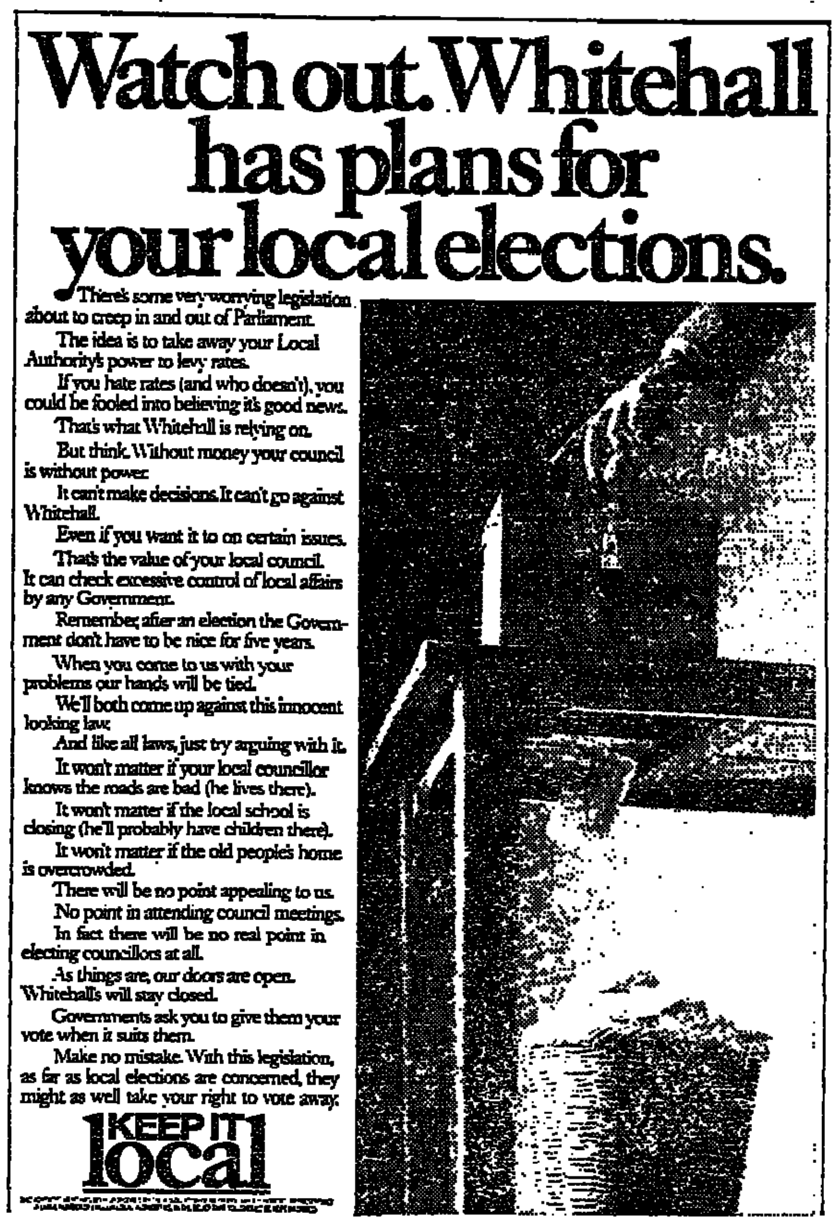
RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 *Simon* Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 *Peter* Powell. 7.00 *Radio 1 Mailbag.* 8.00 David Jensen. 10.00-12.00 John Peel (S).

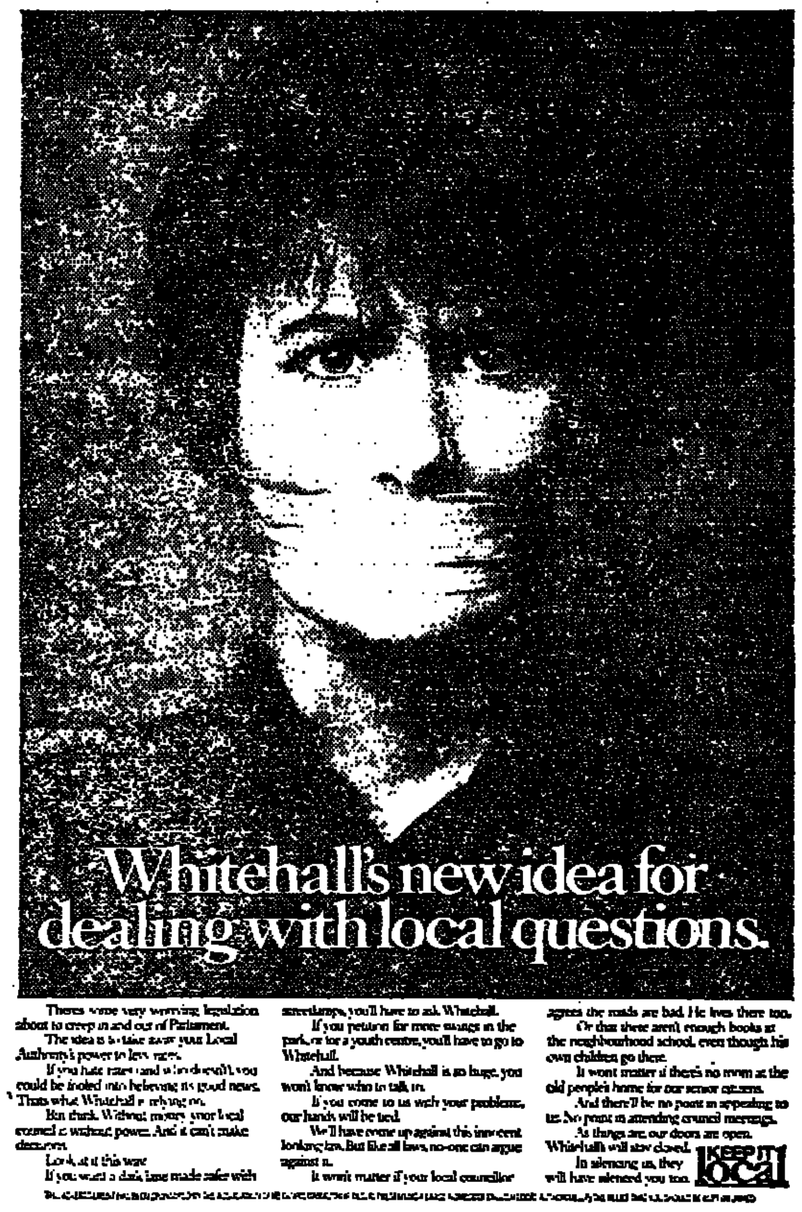
RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 *Susannah Simons* (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds *with Much More Music (S).* 8.00 *Alan* Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 The Boston Pops (S). 9.55 Sports Desk. 10.00 Animal Alphabet. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (cont.). 9.00 News. 9.05 This Week's Composer: Strauss (S). 10.00 Music for Organ (S). 10.45 Maurice Bourgue (S) (Oboe *and Cor anglais*). 11.25 Haydn, Bruckner (S). 1.00 pm News. 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 Bach Family Chamber Music (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Medium and Message. 7.45 Giuliani (S). 8.00 "The Lighthouse," opera in one act with a prologue by *Peter Maxwell Davies, Part 1 (S).* 8.25 Six Continents. 8.45 "The Lighthousen," Part 2 (S). 9.40 Bach, Chopin and Ravel piano recital (S). 10.35 The Hidden Boy (short story). 11.00 News. 11.05-11.15 Bridge (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week: Noel Edmonds. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.0[2] You and Yours. 12.27 Transat[lantic] Quiz. 12.55 Weather; Programme N[ews]. 1.00 The World At One. 1.35 Political Broadcast by the Conser[vative] Party. 1.40 The Archers. 1.55 Shi[pping] Forecast. 2.00 News. 2.02 Wo[man's] Hour. 3.00 News. 3.02 After[noon] Theatre (S). 3.50 Abroad Tho[ughts] From Home. 4.00 Priestland's Pro[gress] (S). 4.45 Story Time. 5.00 PM: [News] Magazine. 5.50 Shipping Forecast. Weather; Programme News. 6.00 [News]. 6.30 The Senior Partner. 7.00 N[ews]. 7.05 The Archers. 7.20 Checkp[oint]. 7.45 The Reith Lectures 1981. [...] Record of War. 8.45 Analysis: Th[e] Hon Denis Healey with Mary Gol[dring]. 9.30 Kaleidoscope. 9.59 Weather. The World Tonight. 10.30 Lord [Peter] Wimsey. 11.00 A Book at Bed[time]. 11.15 The Financial World Ton[ight]. 11.30 Today in Parliament. 12.00 [News].

CONTRACTS AND TENDERS





Why we're running these advertisements.

In recent weeks we've been trying to warn the public about Whitehall's proposed rating legislation.

Everybody dislikes rate increases. So Whitehall's proposals may sound attractive.

But if they become law, the consequences could be serious.

Whitehall would control local rates. It would be able to imprint the ideas of any central government on local policies.

Local authorities would become powerless to make local decisions.

Even though they know best what local problems are.

As it is, councillors are aware of the needs of the area they serve because they live there. Educate their children there.

And are always open to approach, or reproach, from their ratepayers.

They are elected to their positions irrespective of which party holds the reins in Westminster.

And historically have had the right to disagree with central policies.

Local authorities have been able to check the excesses of the Government in power.

But now this moderating influence is in danger of being removed.

Why?

Simply to penalise a handful of local authorities who have not met the spending limits imposed on them by Whitehall.

Most have managed to make the severe cuts asked of them.

Even though central government has actually increased its spending while Local Authorities have been tightening their belts.

The Public Expenditure White Paper (March 1981) shows that since 1975 Central Government expenditure has gone up by 8%. Local Government expenditure has dropped by 20%.*

The cunning part of the proposed legislation is in Whitehall's idea to force referenda on Local Authorities before they implement any policies they might need to.

It would seem fair, and democratic.

Except that it will cost millions of pounds of rate-payers' money.

Except that it undercuts the mandate given local councillors by the rate-payers who voted them into office to pursue those self-same policies. Without reference to any central authority.

Except that the wording of any referendum would be decided by Whitehall.

And except for the fact that no government has ever gone to the people before hiking our taxes up.

We believe that if Whitehall gets its way with the new legislation, doors that were once open will become closed.

And that by consolidating power at the centre now, Whitehall will be preparing the ground for radical changes to our democratic system.

Perhaps in five or ten years.

When there are new governments in control.

We have been forced to advertise our case since we believe that Whitehall has purposely been diverting attention away from the real issues.

Before these proposals are made law, we think they should be debated.

In public.

Write to your M.P. Speak out now.

Help keep local affairs local. KEEP IT local

*CMND 8175

THE ASSOCIATION OF METROPOLITAN AUTHORITIES, 36 OLD QUEEN STREET, LONDON SW1H 9JE. THIS ADVERTISEMENT HAS BEEN SPONSORED BY THE ASSOCIATION OF METROPOLITAN AUTHORITIES, REPRESENTING A LARGE NUMBER OF ENGLISH LOCAL AUTHORITIES, IN THE BELIEF THAT YOU SHOULD BE KEPT INFORMED.

THE MANAGEMENT PAGE

Why Boston theory is on trial

Christopher Lorenz on the paradoxical position of the Boston Consulting Group: influential and booming, yet with its work under attack for being outdated

ANY organisation that increases its labour force by over a half in the midst of a recession is one of three things: a government department; a foolhardy would-be bankrupt, floundering in the competitive turmoil of the private sector; or a rare and highly profitable star shining through the prevailing gloom.

Though its detractors would like to think it is heading for the second category, the Boston Consulting Group still places itself firmly in the third, as "the leader in strategic thinking," to quote its chief executive, Dr Alan J. Zakon. Its uniquely influential position has certainly come under increasing competitive attack in the last few years. But the growing international demand for its pearls of wisdom has been such that it could increase the number of its highly-paid staff of professionals by a third between 1979 and 1980, and by another 15 per cent over the past year, bringing its total complement to 300, of whom only half are based in the U.S.

This is still well short of the size of some of its longer-established competitors. But even its detractors admit that BCG—to use the inevitable abbreviation—has had a disproportionately significant impact on the style and direction of corporate strategy in the U.S. and Europe since its foundation in the late 1960s.

Familiar

Its two key contributions to executive wisdom, the "experience curve" and the "product portfolio" (or "growth/share matrix") have become familiar topics of debate in boardrooms as far apart as New York and Nuremberg, Los Angeles and London, Toledo and Tokyo. Little more than fashionable buzzwords in some cases, in many others the two concepts have had a fundamental impact on the strategy.

"Not since McKinsey's credo of divisionalisation in the 1960s has a consultancy had such a dramatic effect," concedes one of BCG's competitors.

Though the group refrains from naming any organisation for which it has worked, its client list is known to read like a "Who's Who" of big business. Among those that have become publicly known are Borg-Warner, Mead Paper, Texas Instruments and United Airlines in the U.S., Siemens in Germany and INI in Spain. BCG has also worked for several European governments, including the British, French and Swedish, and has supplied new top management from its own ranks for several of its clients, most recently Carrington Viyella in the UK.

The principle of the experience curve, as propounded by Bruce Henderson, the founder and chairman of BCG, was that the real cost to a company of adding value will fall by between 20 and 30 per cent with each doubling of accumulated experience. "Experience" is defined as a composite measure of the effects of specialisation and learning on the shop floor and in the managerial hierarchy, plus investment and scale.

In effect, the theory added all the elements of a company's costs into the long-standing "learning curve" theory, which had dealt only with the relationship between direct labour costs and production volume.

One of the obvious implications of the experience curve is that as a company increases its position of leadership in an industry, and thereby gains experience, its ability to reduce costs faster than its rivals is enhanced.

At a time when "big is beautiful" was all the rage, the curve appealed to—and fostered—the corporate quest for economies of scale. It also elevated the notion that profitability goes hand-in-hand with market share. But it was the product portfolio that really put market share on a pedestal.

Expressed in the form of a two-by-two matrix, the portfolio enables a company to classify its various products or businesses—and those into which it might wish to move—into four types. The two axes of the matrix, market growth and (originally) market share—significantly, the latter was later changed to the broader "competitive position"—are related to the level of cash generation or consumption for each business; the four categories are dubbed "cash cow," "dog," "question mark" and "star."

One effect of the portfolio concept was an acceleration of the tendency of large companies to break their divisions down into "strategic business units." More controversially, it also reinforced the supremacy of market share by implying that unless your business was number one, two or perhaps three in a particular market segment, cash flow would be so negative that you might just as well get out of it.

While cash cows generate far more cash than they can profitably reinvest, said Bruce Henderson in 1973, stars are self-sufficient. But question marks and dogs, the businesses with low market shares, were both said to be "cash traps." Astute management could turn question marks into desirable cash cows or stars, but the poor dogs "are essentially worthless." Whether or not he or his colleagues actually advocated that dogs should therefore rapidly be disposed of, in one way or another, they did not appear publicly to quarrel with most of their disciples, who drew this obvious conclusion.

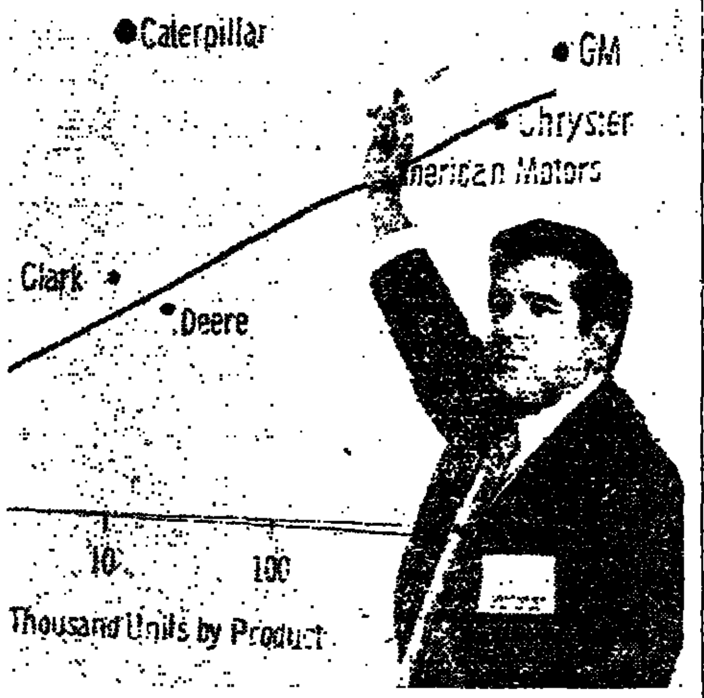
If one judges from the continually increasing demand for its advice and assistance, neither the experience nor the matrix have lost their impact. At a meeting this year of several hundred European chairmen and chief executives, at which three leading consultancies were represented, the BCG seminars were filled to overflowing, whereas one of its competitors had to cancel several sessions because of lack of support.

Yet one of the foremost strategic planners in European industry claims that "BCG is a thing of the past. Its theories are outdated and it has been overtaken by the younger generation of thinkers." He is by no means the only disinterested critic.

'Troika'

At the centre of this scepticism are the radical changes that the world has undergone since the Boston theories were first formulated. The now familiar "troika" of slumping growth rates, soaring inflation, and rapidly shifting patterns of competition have opened to question some of the basic BCG tenets, and in particular the paramount significance of market share.

Most of the current criticism of BCG concerns the matrix. The longest-standing complaint is the obvious one that, though an admirable tool for diagnosis, it does not help you find the solution. In other words, it enables you to define the characteristics of your various businesses, but it does not help with the really difficult question of how to improve the good ones and transform the bad ones.



Alan Zakon with one of BCG's many visual aids

A more serious allegation, that the matrix is so simplistic as to be misleading in today's environment, rests on two obvious observations of reality in the late 1970s and early 1980s. First, market leadership does not always bring lower costs, more positive cash flow and higher profits, nor does being number four, five or even 10 necessarily imply inadequate cost-effectiveness or cash flow. Quite the opposite: the number of highly viable companies occupying market "niches" is legion, and growing by the day.

Second, what use is the matrix theory to a company—or, indeed, a country like Britain—at a time when "cash cows" and "stars" have become increasingly hard to find and when most businesses now fall squarely into the "dog" category? Even if the unhealthy parts of BL—most of it, in other words—could be eliminated, does Henderson's statement that dogs "are essentially worthless" mean that the vast majority of the rest of British industry should also be shut down? Or, for that matter, most of the American steel industry and even many European electronics businesses?

It was with such questions in mind, all of them effectively putting Boston theory "on trial," that we invited BCG to put its case against the claim that its matrix had become irrelevant, misleading or both.

Part of its reply is that, at least when its consultants were at work with their clients behind closed doors, the matrix theory has never been applied in the simplified form in which it was presented in public.

Admission

BCG also rejects some of the criticisms, either as entirely unjustified or as themselves oversimplified. In addition, it points out that its work for clients has extended far beyond its use of mere "tools"—the experience curve and the matrix. But there is also a clear admission that with the change in the business environment has come a perceptible shift in BCG's own approach to market share and the matrix.

Starting on Friday, we will be publishing two articles by a BCG vice-president, dealing in particular with the relevance of Boston theory to those ubiquitous "dogs." These will be followed by our own analysis of recent shifts in the group's approach, based on interviews in the U.S. with its chief executive, Dr Zakon and others in the business world. A further article will suggest how the matrix approach can be applied to entire companies, classifying them into four stages: early struggle; motivation; complacency and degeneration.

Strategy booklet

A SERIES of Management Page articles on strategic management and planning, including case studies on companies such as Shell, Ciba-Geigy and Reed International, will be published as a booklet on November 20. Available from Diana Twaites, FT Publicity Department. Price £3 including p and p. Payment to be enclosed with order. We apologise for the delay in publication.

BOARDROOM BALLADS
THE BIG SELL

A long tradition still prevails
By which the captaincy of sales
Is offered to the person who
Sold the most in Sixty-Two;
When Joe with sample bag and brolly
Took a ticket on the trolley
And, conning many a startled buyer,
Pushed his sales performance higher;
Pulling off as prize again
Two weeks with his wife in Spain.

★

The route by which he comes to rate a
Boardroom job a few years later,
Is something I do not propose
To track with my enquiring nose—
Even though his colleagues do
Sometimes ask the question too.

★

The problem which I wish to mention
Concerns the nature of the tension
Which Joe is destined to explore,
Behind the inner sanctum door;
Where idiots who make the stuff,
Cannot offer him enough;
Or, when the market place is sagging,
Ask him why the lads are lagging,
And the transport boys and docks
Are drowning in redundant stocks;
Setting out in pointed phrase
The error of his wasted days.

★

The product's right and so's the plan!
Get a move on, little man!
Until the final day of dread—
The chairman's office letterhead,
Asking him to tea and tiffin,
And bring the latest figures with 'im.
And would he care to bring as well
His private file from personnel.

★

This is how it seems to go
For salesmen of the likes of Joe;
With very little he can see,
By way of counter-strategy,
To out-manoeuvre all the others
Behind the safety of their covers.
He'll have to settle for the fate
Of everybody else's hate.

Bertie Ramsbottom

Next Wednesday: The non-executive director

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Full details of sale

The tax authorities have requested from me "*full details*" *of the vendors from* whom a farm was purchased some little time ago—in two separate parts from two separate vendors (one being a group of would-be speculators in "holiday homes"). What, please, would comprise "full details" . . . and am I in fact obliged to supply such *information—which in this* case is extremely complex?

The Inland Revenue is empowered by section 12(3) of the Taxes Management Act 1970 to demand "particulars of the person (or persons) from whom the asset was acquired;" so you should give the inspector sufficient particulars for him to be able to trace the tax papers of the vendors. What you might like to do is to write to the solicitors who acted for the vendors (either direct or through your own solicitor), inviting them to get in touch with the Inspector direct.

Agricultural tenancies

***On inquiring of my solicitor* the advisability of including a rent review clause in respect of a farm I acquired, my solicitor replied "agricultural tenancies are rather different from the normal business tenancy and the usual procedure is for the landlord to give the tenant notice when the former thinks that a rent increase is due requiring a new rent to be agreed or decided by arbitration and this can be done at any time during the tenancy. At least a year's notice has to be given."**

However, I recently received the annual report of a "Property Bond" in which I have money invested, and therein is listed details of all properties owned by the fund, ic, offices, shops, industrial *premises, also a number of* farms in different parts of the country. Each farm is there stated to have a three-year rent review period. This would appear to conflict with the solicitor's statement. Could I have your views, please?

There is no conflict. The contractual tenancy may express a three-year review period or reliance may be placed on Section 8 of the Agricultural Holdings Act 1948. Either way a triennial review is available—unless the contractual tenancy provides for less frequent reviews.

Audit is necessary

If a small limited company decides to discontinue the services of its auditors and prepares the accounts itself and submits the return to the Board of Trade would there be any practical consequences or reaction from the Department? The turnover is that of a shopkeeper—a small one—and audit fees are eating into profits in these hard times.

Yes, there is likely to be a reaction from the Department, or at least from the Registrar of Companies; and you have a duty under Section 14 of the Companies Act 1976 to notify the Department if there is no auditor. The cost of audit is one of the inevitable consequences of trading through a limited company.

Close-company taxation

I have recently merged my business, which has not been viable for some time, into another newly formed company, in which I have a minority shareholding. No payment was involved in the deal but in theory I was to have been better off financially as my original company *owns its own freehold* property, which was not transferred with the other assets but is being leased by the new company from my original company which has obviously had to cease trading.

I now find that I am unable to draw out the rental income except for a very small amount, and that the rest will be liable to corporation tax etc. etc. This is not what I had intended or realised. To transfer the property out of the business would involve paying a large capital gains tax. Have you any suggestion please?

Since you obviously would not have entered into these transactions without taking the precaution of seeking professional guidance (from accountant, solicitor, etc) beforehand, we are a little puzzled that you have written to us instead of going back to your adviser. It may be that he or she did not realise how little you know about the basic principles of close-company taxation and that he or she therefore took it for granted that you understood what the consequences would be (and were content to accept them). If you are dissatisfied with your present adviser, possibly your bank manager could suggest another local firm whom you could try. There are really no useful suggestions which can be made on the basis of the bare facts outlined in your letter.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCIAL TIMES SURVEY

Wednesday November 11 1981

World Nuclear Industry

The expansion of nuclear power world-wide continues and the proportion of electricity generated is expected to reach 17 per cent. by 1985. But most countries have had difficulty in maintaining their programmes, because the pace set has been too fast or because of public doubts.

A question of confidence

SURVEY BY DAVID FISHLOCK, SCIENCE EDITOR

HIS MONTH marks the retire- ent of the dominant figure on e international nuclear energy ene for a decade past. Dr gvard Eklund, director- neral of the International omic Energy Agency in enna for the past 20 years — d for the entire duration of e Non-Proliferation Treaty — linquishes his role as cus- dian of the treaty to a fellow vede, Dr Hans Blix.

Dr Eklund's act is a hard one follow. The task requires the rector-general to secure and tain the confidence of three ry disparate parties: the U.S. d Russian Governments and e governments of the "Group 70" developing nations.

Initially. Dr Eklund's election is fiercely opposed by the issian Government. In the end ey could not understand why should want to retire — at he was not even old by their indards. Late in his reign survived an attack by the S. Government, in what a sser man might have seen as a te of no confidence over clear weapons proliferation— om the Carter Administration 1977.

Then, on the eve of his re- ement. in June this year, e developing nation took ilateral—and violent—action ainst the nuclear research tivities of another, in a pub- declaration of no confidence IAEA safeguards. A blow d been "inflicted on the eaty with the recent air tack on the Iraq research re- tor," Dr Eklund told the EA general conference in ptember.

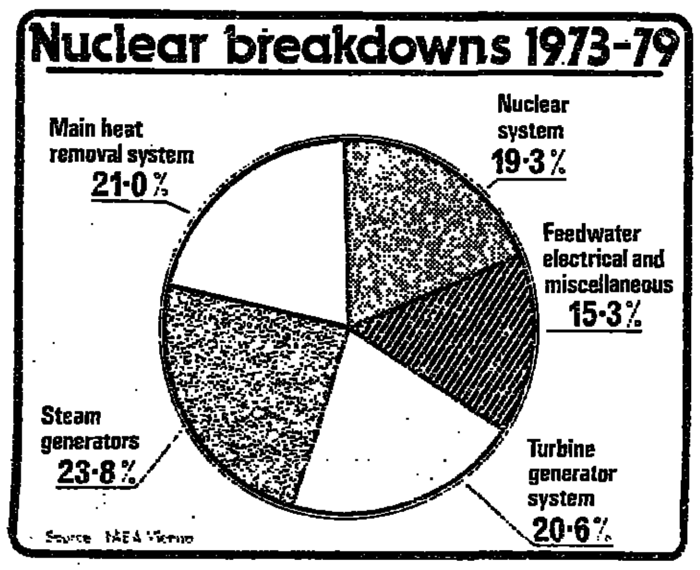
"One shudders to think of e consequences of military tacks on any of the existing 0 nuclear power reactors, t to speak of the situation hen, around 1985, this umber may have increased to ore than 400." He warned e assembly that the IAEA's feguards system for the pre- ention of nuclear weapon pro- feration could be "only as fective as the member states llectively wish it to be."

Condemnation of Israel's tion in attacking Iraq's eactors was the recurring eme in almost every member ate's contribution to the eneral conference. They opped short of expelling rael only because with such a ove they might relinquish hat remaining control they ight exercise over Israeli tions.

There can be no doubt ough that the bombing was a setback for international safeguards in a year which had seen Egypt, previously one of the half-dozen more worrisome states in its nuclear aspirations, signing the non-proliferation treaty. Egypt brought to 114 the total number of signatories to the treaty.

Superficially, the expansion of nuclear power worldwide continues apace. The 260 power reactors in operation are spread among 22 countries. In 1980 the world produced about 8 per cent of its electricity from this source. With another 228 reactors under construction, the proportion of nuclear electricity is expected to increase to 17 per cent by 1985, according to IAEA statistics.

Most countries experienced difficulties with nuclear energy in the 1970s either because the pace set was too fast for their industry or for the public at large to assimilate. For some—the U.S. is the obvious example —a legacy of public doubt remains which is proving a stubborn barrier to further expansion. For others—the Comecon countries are the obvious example—the problems of meeting targets lie in the industrial sector.



But Dr Eklund points enthusiastically to the first glimmerings of a new and potentially very large market for nuclear energy, seen in the Eastern bloc. The USSR is building two large reactors near towns, to be devoted to district heating. This is a use that could catch on quickly among the chillier and oil-less nations of the North, where 40 per cent of energy consumption goes into the heating of buildings.

Yet beneath a global picture of steady—and in some places (France, the Comecon countries, South Korea) very rapid—expansion lie some disturbing statistical trends, flushed out by the IAEA computers.

The problem lies in the legacy of institutional arrangements and obstacles created in the 1970s by some of the countries which pioneered the development of the international nuclear industry. Dr Eklund points to one serious "inhibiting factor." in that the lead time from commitment to commercial operation is twice as long in the U.S. these days as in France or Japan.

His figures are: Japan. 61 months; France. 63 months; West Germany. 82 months; and the U.S., 121 months. "With the present high cost of money, it is not surprising that in France the cost of nuclear electricity is a third that of oil and one-half that of coal-fired plants, while in the U.S. the balance is often tipped towards coal."

U.S. industry figures suggest that in 1985 nearly half of the world's nuclear capacity will reside in the U.S. But Dr Eklund's statistics shed a different light on those figures. They suggest that the delays of the 1970s will produce a deluge of newly-commissioned reactors in the next few years. 43,000 MW this year, and 30,000-35,000 MW per year for the years 1982-85. Moreover, these figures do not include the ambitious plans of the Comecon countries, which aim to add another 24,000 MW by 1990.

But the nuclear industry's future darkens beyond 1987, when additional capacity forecasted outside of Comecon declines to 15,000-25,000 MW a year.

Still gloomier is the future foreseen from the basis of the starting dates for new reactor construction. They suggest — again excluding Comecon — a sharp rise from 10,000 MW this year to 32,000 MW of new capacity ordered in 1982. But new orders will then plummet rapidly, to 12,000 MW in 1983 and 1984, and to less than 5,000 MW for the years beyond 1985.

The pattern relates directly to the long lead times endemic in certain countries such as the U.S. and West Germany, and the fact that others such as France are moving so fast that they will soon saturate their domestic demand.

Right: Dr Sigvard Eklund, who retires this month as IAEA director-general, and (left) his designated successor, Dr Hans Blix

The long lead times reflect the complexity of the regulatory procedures required to obtain construction permits and operating licences. If countries with a big potential demand for nuclear power do not cut through this complexity and accelerate construction soon, a worldwide slump in the nuclear design and construction industry seems inevitable beyond 1990.

This could have serious consequences for many of the 26 nations which have reached the stage of building a research reactor, and thus taken the first major step towards an industrial infrastructure for nuclear energy.

M Ivor Manley, Deputy Secretary at Britain's Department of Energy, where he is responsible for electricity supplies, summed up the situation for the IAEA general conference in September in a phrase: "Unhappily, the new opportunities for nuclear power coincide with a wavering of public confidence." But the contributors of the developing nations made it abundantly plain that this "wavering" was an undulgence of the richer nations, unshared by impoverished ones.

More typical of the developing countries is the experience of Pakistan, which has recently concluded that its large hydro-electric potental will take much longer than nuclear power to exploit, because it is in an earthquake-prone region for which preparations will inevitably be protracted and costly. Nuclear electricity on the other hand, promises to be one-third of the price of electricity made from imported oil.

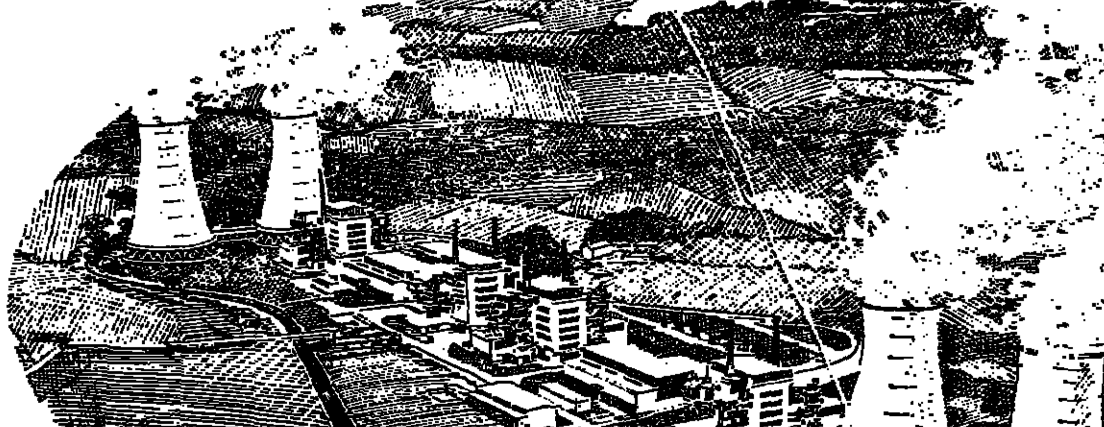
Critics have turned their attention increasingly to economics. In particular, they have concentrated upon the performance and reliability of nuclear systems in comparison with traditional power sources. They have claimed, for example, that reactor load factors fall far short of the 80 per cent once assumed in feasibility studies for nuclear plant.

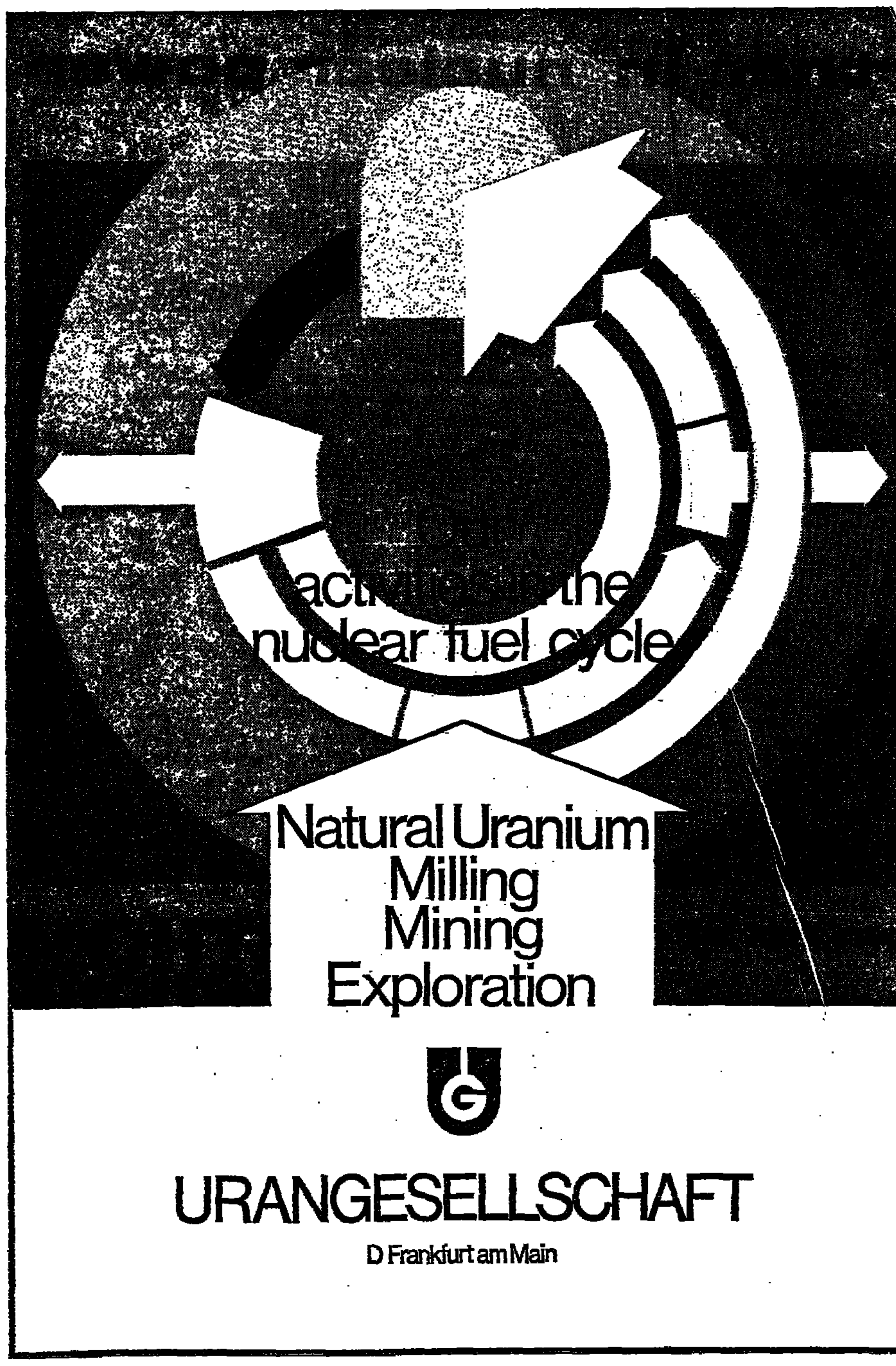
The IAEA's computers have been continuously monitoring operating performance worldwide. Dr B. A. Semenov, the Russian deputy director-general, summarising the latest findings, finds that they suggest an average lifetime load factor of only 65 per cent. But fossil-fuelled plant of the same size seems to have "very similar" performance, Dr Semenov says.

So far, the IAEA has analysed the reported reasons why the reactors' performance is falling short of the earlier goals for 204 power reactors, over the period 1973-79. This shows that unplanned breakdowns divide very uniformly between five main areas of power station operation, of which the nuclear core itself is just one area representing less than one-fifth of the total.

Moreover, a high proportion of the unplanned breakdowns are of relatively short duration. Stoppages lasting up to 1,000 hours (about six weeks) accounted for 48 per cent of the total—the first time that this fact has been highlighted by a statistically significant body of operating data, Dr Semenov says.

This kind of analysis, new for the IAEA, should soon encompass all power reactors. It will provide at long last the international electricity supply industry—and, through the utilities, the nuclear manufacturers themselves—with systematic feedback on station performance, in a field currently confused by the isolated activities of entrepreneurs operating with inadequate data and, sometimes, an ulterior motive.





British schemes advance after problems over PWR design

IT HAS been an eventful year for the British nuclear industry. Fuel loading began at three long-delayed advanced gas-cooled reactor (AGR) stations, including Dungeness B. After initial hesitation, projects for two new AGR stations at Heysham and Torness made rapid progress, backed this time by some impressive advanced manufacturing facilities for the more specialised AGR components.

After three years of agonising over nuclear waste at the Department of the Environment, Mr Michael Heseltine, Environment Secretary, declared unequivocally that it was neither a scientific nor a technical problem any longer. It was a management problem: one that would be solved by "systematic application of known technology and sound commonsense."

And after two years of agonising over the first British commercial pressurised water reactor (PWR) the National Nuclear Corporation gave birth to a design that was embarrassingly large and clumsy, and by no means certain of showing the large advantage in capital cost over the latest AGR design, its proponents claim.

This precipitated a crisis in the nuclear design and construction industry. The NNC's full-time chairman was replaced by a part-time chairman drawn from a member-company again—something the industry itself had previously maintained was inadequate for its needs. The Government appointed a dedicated task force to accelerate decision-making on the PWR project. At its helm was Dr Walter Marshall, chairman of the UK Atomic Energy Authority, an organisation the industry for years had been trying to push on to the sidelines.

A new slimline "British PWR," much closer to the U.S. reference design on which the industry had earlier elected to model its designs, was reborn by the autumn. The Government expects to begin a public inquiry late next year into plans to make the first British PWR the Sizewell B station in Suffolk.

The UK AEA has reasserted itself as a central and indispensable part of the nuclear industry in other ways, too. Dr Marshall has reconvened his study group on steel pressure vessel integrity, which will report its latest conclusions around the end of this year. As a result of an exercise the UK AEA has been managing, involving several research centres in Europe, new findings far more optimistic about the chances of finding small flaws in thick-walled pressure vessels are to be reported.

The UK AEA is also expected to announce soon an inspection validation centre where industrial inspection teams for critical PWR components will train and themselves be examined.

The UK AEA also disclosed the result of a joint exercise with NNC to slim down the capital cost of a fast reactor. The "compact CDFR" (Commercial demonstration fast reactor) was "compact and elegant and promises substantial reduction in capital cost compared with earlier designs", Dr Marshall claimed.

For the NNC, Mr Roger Vaughan, director in charge of advanced reactor projects, put forward an estimate only 21.5 per cent more expensive to build than the NNC's estimate for Heysham 2, one of the new AGR stations. The site for which this estimate has been made is Dounreay, alongside the prototype fast reactor (PFR). "We've taken it much further than we believed we could," Mr Vaughan says. The "compact CDFR" design is now being studied by the Central Electricity Generating Board.

At Dounreay, the UK AEA has made good progress in completing the fast reactor fuel cycle. It believes it can be the first nation in the world to do so, next summer, when the first plutonium removed from the PFR will be returned as fresh fuel to the reactor.

"This will be the first time that plutonium fuel irradiated in a fast reactor has been recycled through dedicated reprocessing and fabrication plants", Dr Marshall says. Two shipments of plutonium nitrate were made by sea from Dounreay to Sellafield (formerly Windscale) this summer "without any technical or operation problems".

But the UKAEA still awaits a decision from government on whether Britain should collaborate with another nation in building CDFR, and if so which nation or nations. Dr Marshall believes that political factors must far outweigh any technical contributions he can make to that decision. But M Jean-Paul Chevenement, France's Minister of State for Science and Technology, began discussions in London in September about adding collaboration on fast reactors to existing Anglo-French collaboration on reprocessing and the vitrification of highly radio-active waste.

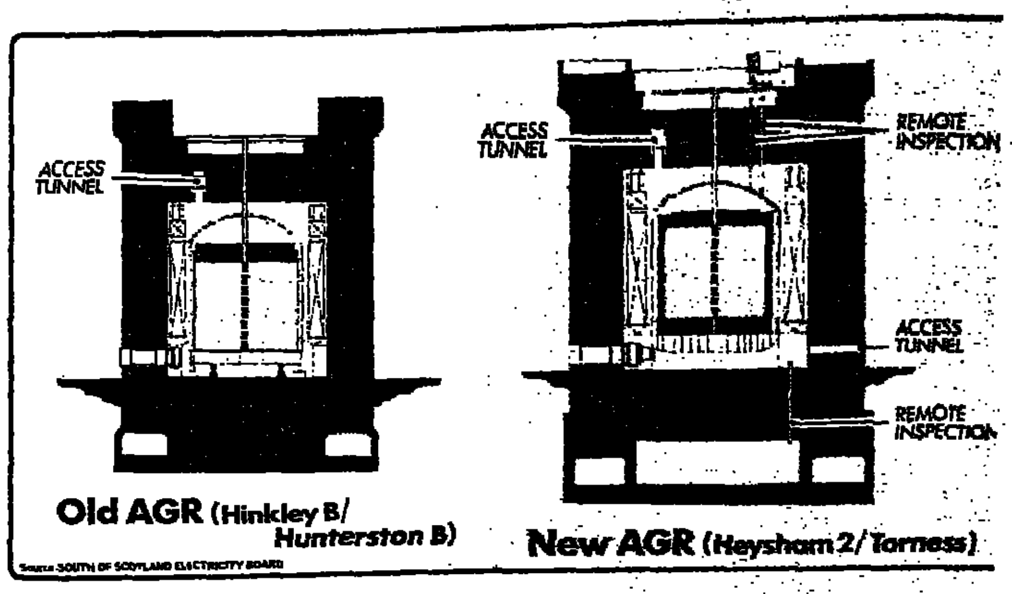
Profits for British Nuclear Fuels slipped last year despite a substantial increase in earnings, Sir John Hill, its chairman reported. An increased trading profit had been "more than absorbed" by increased interest charges and research and development expenditure.

BNFL boosted sales by £65.7m, to £349m last year. But higher interest charges plus a 25 per cent increase in R and D reduced profit after tax from £17.5m to £14.9m. BNFL invested about £200m in new capital facilities last year, principally at its Sellafield reprocessing factory and its Capenhurst gas centrifuge enrichment actory. The rate of investment is expected to continue to grow in real terms for the next five years.

"The large investment programme is necessary to provide the plants required for the future, but its cost is nevertheless a mattern for concern," Sir John warns. However, he believes BNFL survived the past year in better shape than many British industrial organisations. "Despite persistent attack from anti-nuclear factions, the case for nuclear power, its inherent safety and economic advantage, remains intact."

The CEGB disclosed in August that the generating costs of Hinkley B, its latest nuclear station with twin 660MW AGRs, for 1980-81 worked out at 1.45p per kilowatt-hour, compared with 1.87p per kwh for Drax, latest of its coal-fired stations.

Last month it formally awarded an agency contract for management services worth an estimated £472m for Heysham 2, an updated version of the Hinkley B design. Four identical reactors are being ordered, two for Heysham and two by the South of Scotland Electricity Board for Torness. As the accompanying sketches show, the new AGR is bigger, partly to give more room for access but mainly because of new safety requirements that will strengthen them against earthquakes.



Old AGR (Hinkley B/Hunterston B) New AGR (Heysham 2/Torness)

Source: SOUTH OF SCOTLAND ELECTRICITY BOARD

The March 1981 estimates of cost for Heysham 2 is £1.43bn—including the first fuel charge—with Torness slightly higher because the SSEB is opening a greenfield site. The CEGB is shortly to publish a comprehensive document on AGR safety.

The contract between the CEGB and the NNC for Heysham 2 is known as the "agency agreement." It will be the model for future nuclear orders, such as that for the proposed Sizewell B PWR, says Mr Dennis Lomer, CEGB member responsible for construction. In fact, the contract has been in operation for nearly a year. The evidence lies both in extensive work already finished in preparing foundations, and in the factories chosen for long-lead-time components.

James Howden, for example, is equipping a new factory with the latest machinery, inspection and assembly techniques as part of an £80m order from NNC for 40 gas circulators (including spares). Whessoe in Middlesbrough has laid down a new £4m assembly line for the fabrication of reactor sub-assemblies weighing up to 1,000 tonnes. It has already received ord[ers] totalling more than £100m supplying about 3,000 tonnes [of] precision steel fabrications [for] each of the four AGRs.

But the lion's share of new AGR business—put at m[ore] than £350m so far—has gone [to] Northern Engineering Ind[us]tries. The biggest single ord[er], for boilers, is being execu[ted] on a new assembly line [at] Gateshead. Robots developed [by] NEI have already begun mak[ing] the first of about £8m crit[ical] welds required in the 48 boil[ers].

Signing of the "age[ncy] agreement" between the CE[GB] and NNC was held up while [the] boards of the two organisati[ons] painstakingly reviewed the [pro]ject, its technical uncertain[ties] and the estimated costs [and] competition dates. It inclu[ded] a study of the causes of dela[y in] power station construction, [and] in other major projects bot[h in] Britain ond overseas.

Both boards are now sati[sfied] "that the project is set o[n a] course which will achieve c[om]pletion of the first reactor [by] February 1987 with substa[ntial] commercial megawatts by [...] 1987, and completion of [the] second reactor by mid-1[988]," Mr Lomer says. "They will be knife-and-forked in [a] corner of factories."

He estimates that Heysh[am] will generate about 15[...] man-years of work, much [of it] in areas of high unemploy[ment] —including 1,370 man-yea[rs of] work for coalmining. Shift [work] is to be used on site "whe[n] practicable," especially in later stages, to avoid the w[aste] inherent in a £1.43bn pr[oject] proceeding towards comple[tion] at the rate of only 40 hours [a] week.

For the NNC, the pr[oject] represents the most impo[rtant] boost to morale since the [com]pany was created in 1974. Frank Gibb, the new chair[man] of Taylor Woodrow describ[es it] as "the new look in the nu[clear] industry." The contract [will] help build up its manage[ment] strength and export capacity[, he] believes. Mr Gibb has [an]nounced that the compan[y is] to have a new headquarte[rs in] Cheshire.

But, like its subcontrac[tors,] the NNC is subject to pe[nalty] clauses under the "ag[ency] agreement" which could m[ean] no payment until it has c[om]plied with the terms of its [con]tract. "If you take respon[sibi]lities, you also have liabilit[ies,]" Mr Gibb says phlegmaticall[y].

U.S: The cancellations continue

THE U.S. IS still cancelling nuclear plants and has not yet begun to order new ones. Last year the scene was especially dismal. A total of 18,000 MW of new nuclear capacity was ordered worldwide but 12 plants totalling 13,000 MW were postponed or cancelled in the U.S., leaving a net world increase of only 5,000 MW. So far in 1981 another three units have been cancelled.

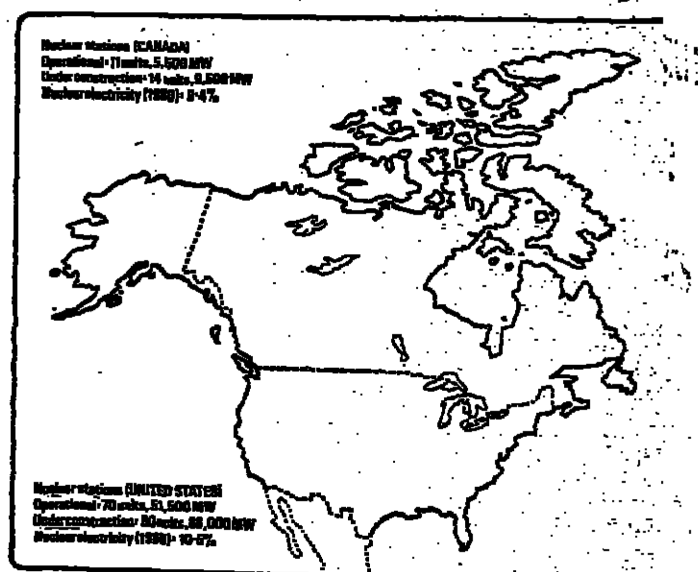
President Reagan has voiced his determination to reverse this situation, "to create a climate that would permit a revitalisation of civil nuclear power without comprising health and safety." He has also declared that the U.S. shall be strengthened "as a reliable nuclear supplier under effective safeguards."

The bare statistics give the U.S. dominant place on the nuclear stage, with 77 reactors totalling 58,000 MW of capacity completed with operating licences (70 of them for full commercial operation) and another 80 totalling 88,000 MW under construction. The worrisome fact, however, is that the peak U.S. nuclear commitment occurred as long ago as 1975, when the tally stood at 217 units. Today it is only about 170. Three more have been cancelled in the last three months.

The fact that it takes an average of 121 months from commitment to commercial operation for a new nuclear unit in the U.S., compared with 61 months in Japan, shifts the economics to favour coal for many U.S. utilities at present.

A recent Government statement affirmed that the light water reactor had demonstrated its ability to provide steady and reliable power not only in the U.S. but also in several other countries, and said their fuel efficiency was being substantially improved. "It will be the objective of the U.S. Government to provide a healthy atmosphere for the continued and accelerated deployment of such reactors. We intend to do this by improving the regulatory, safety, and financial climate in which U.S. industry must operate."

Lessons from the Three Mile Island accident in 1979 would be incorporated "to reduce still further the already very low probability of nuclear accidents and any resulting consequences."



For the nuclear industry—not only in the U.S.—the big question is When? The most overt sign of progres is the intention to proceed with the Clinch River demonstrat[ion] fast reactor, "mothballed" [for] the duration of the last U[.S.] administration. The Brit[ish] electricity industry may as[sist] this project by leasing p[lu]tonium from its civil stockpi[le].

The project will need at lea[st] five or six tonnes for a co[m]plete fuel cycle, but Britain h[as] twice as much as this in sto[ck]. In so doing it could relea[se] enough plutonium for the n[ew] U.S. nuclear weapons pr[o]grammes, and avoid the poli[ti]cally highly risky move of usi[ng] spent LWR fuel as a source [of] plutonium for weapons.

The West German electric[ity] industry may also assist t[he] recovery of the U.S. nucle[ar] industry. As noted elsewhere [in] these pages, it is studying t[he] possibilities of buying a sta[ke] in the Barnwell reprocessi[ng] plant and helping to finance [its] completion. Meanwhile, th[e] U.S. Government is stressing i[ts] intention of encouraging pr[i]vate industry to renew i[ts] interest in reprocessing as [a] commercial operation.

Canada: performance record

CANADA HAS 5,500 MW of nuclear capacity operating in Ontario, all based on its Candu reactor; and another 14 units totalling 9,500 MW under construction in Ontario, Quebec and New Brunswick. It now has two standard Candu units, of 600 and 950 MW.

Candu continues to rank highly in the world league of reactor performance. A recent government statement claimed that to the end of 1980 they had a life-time average capacity factor of 77 per cent, "the highest of any reactor type in the world."

Top of this league in 1980 was the Bruce 2 unit (800 MW) with a capacity factor of nearly 95 per cent. "Even allowing for the notorious difficulty in comparing international performance figures, Candu's exceptional record cannot be seriously challenged," it claimed.

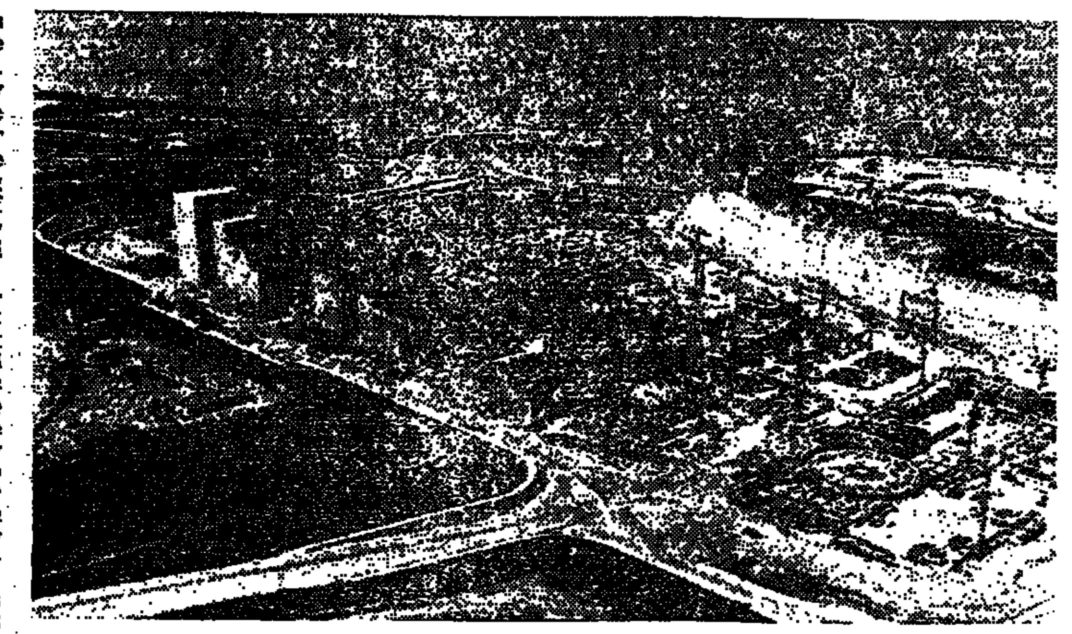
Canada is also one of the world's biggest uranium exporters. In 1980 Canadian mines produced more than 7,000 tonnes, of which exports accounted for 5,400 tonnes, mostly under long-term contracts. Last year more than £125m was invested in uranium exploration and development in Canada.

Known resources have increased "substantially" since 1974 — "an increase equivalent to more than three times the amount of uranium approved for export during the same period."

Canada has also developed one of the world's few heavy water industries, based on five plants owned and operated by Atomic Energy of Canada and by Ontario Hydro. The three AECL plants produced a record output of 560m grams of heavy water in 1980-81. They shipped 500m grams to South Korea for its first Candu at Wolsung.

WORLD NUCLEAR INDUSTRY III

France presses ahead after stocktaking debate



Four 1,300 MW reactors take shape in a hollow in the cliffs at Paluel near Dieppe. Right: M Remy Carle, director in charge of planning at Electricite de France

French Government took a pragmatic view of the ear debate last month. tever its members may said to win votes in the ıg election, there was never h doubt that once in office plans for an expanding omy called for plenty of ear energy. The cost of any native would have wrecked e plans.

ıe debate was really a stock- ıg, to determine not ther but just how fast ıce needed to press ahead reactor construction. The on was not immune to the rnational recession. On the r hand, it gave the new ernment a chance to ain the case *for* a nuclear ramme, almost drowned in clamour of the minority ısed to more reactors, repro- ing, and so on.

ıe Government's tactics ced well. On October 8 iament approved by 331 s to 67 the Government's energy policy. This saged an increase in annual omic growth rate, from 3.5 cent to 5 per cent. But by ing greater stress on energy ng the Government hopes to ıce total energy consump- from 242m tonnes of oil— valent to 232m.

s a result, of the nine lear units originally eduled to be started in 1982- 4, three will remain frozen wo of 1,300 MW and one of MW. National coal produc- ı is to be boosted with a bling of state aid, to assuage se who urge more effort to ive the moribund French l industry. But according Electricité de France, coal- d electricity will cost the ity twice as much to make nuclear electricity from its v reactors.

The current position of the lear programme the French nched in 1973, using the U.S. ssurised water reactor, is t Electricité de France dF) has 34 units of 900 MW operation or under construc- n, and another 12 units of 00 MW under construction.

The programme is highly ndardised, drawing heavily on French experience in ılding a similar number of fired stations in the 1950s l 1960s. Delays earlier in the gramme have resulted in an expected high rate of com- ssioning of new plant this ır, bringing the tally to 21 MW units by the end of ober.

These 900 MW units are all ies from a U.S. Westing- se reference design, modi- l only to match French tradi- ns of engineering safety. The en 1,300 MW units are, ilarly, copies from a U.S. erence design. But, in the rds of an EdF Board member, y are "a little too ensive."

The latest 1,300 MW units, ers for five of which are ut to commence, are of nch design, modified on the is of French experience with PWR over the past decade a research programme nce mounted in the late 0s. EdF hopes that the ench PWR" eventually may ve as much as 5 per cent aper than the U.S. design, tly by pushing it to 1,400 or 0 MW output with the help heir latest fuel designs.

French experience of its first 900 MW PWRs is very good. The half-dozen on line last winter had a power availability of nearly 100 per cent in January. Overall, excluding normal downtime for servicing, they have had an availability of 85 per cent. Standardisation has permitted the rapid replacement of faulty parts.

But the EdF says that downtime for refuelling is proving longer than it had planned for —eight weeks compared with the six weeks planned. Moreover, the period of fluctuating output after a restart can be two to three months.

EdF is gaining enough confidence in the reliability of its nuclear capacity to envisage becoming a major exporter of electricity, according to Mr Remy Carle, its planning chief. Last winter, it exported to four countries — Switzerland, West Germany, Spain and Portugal— with problems because of too little rain to top up their hydro reservoirs. M Carle expects exports to continue to increase to bordering countries afflicted by delays to nuclear projects, such as West Germany.

The Germans are already beginning to bank heavily on their share of electricity from what is supposed to be a demonstration project, namely Superphenix, the 1,200 MW fast reactor at Creys-Malville, scheduled to come on-load in 1984. A new electricity tie with Germany will facilitate this electricity transfer. Unfortunately, the weakness of current ties with Italy precludes their taking the same advantage, as third partner in Superphenix.

In technical performance, the nuclear programme appears to be on course to meet the previous government's target of providing 70 per cent of French electricity by 1990, equivalent to 30 per cent of total French energy. The Mitterand Government has lowered the sights slightly, estimating about 28 per cent of the total by 1990. But EdF believes that the nuclear proportion of electricity production could, in fact, easily exceed 70 per cent by 1990 because of the high cost of alternative fuels. It already expects to reach 50 per cent ahead of schedule, in 1984 instead of 1985, as originally planned.

Behind this achievement two major industrial components have appeared in the 1970s: a PWR design and construction capability; and a PWR research and development effort.

Framatome, as the prime nuclear contractor, has four main roles in the programme: *general engineering for the* stations, manufacture of the main nuclear components, manufacture of fuel, and architect-engineering for the project. As a result it has grown in a decade from merely a sub-contractor to a company of 4,500, taking full responsibility for nuclear projects. Within a few months, Framatome expects to ship its 100th steam generator, its biggest component, costing FFr 25m (£2.3m) apiece to manufacture.

Its manufacturing division, based at Chalon-sur-Saone, is indicative of the current strength of the company. It has the capacity to finish the major components for eight reactors a year. It turns out one *reactor pressure vessel* (42 months to make), one pressuriser (22 months) and two steam generators (34 months) every month.

Work in progress includes no fewer than 20 steam generators —weighing up to 430 tonnes— for delivery next summer, and 20 more in 1983. But PWR maintenance, 20 per cent of its workload today, is a growing activity, expected to reach 50 per cent by 1985.

Until last March the factory was audited by Westinghouse Electric to ensure manufacturing practice was up to nuclear standards. Since March it has become independent, no longer paying Westinghouse a licensing fee as a percentage of turnover. *But Framatome still pays patent* fees on the PWR—and admits that it uses more Westinghouse patents than Westinghouse is using Framatome patents.

The first "French PWR" is about to be ordered. This is the N4 design, 1,300 MW, evolved from the Westinghouse design of this size, of which 12 have been ordered in France. For the factory, N4 means a large number of changes in detail concerning materials and manufacturing practice. But for the N4 steam generators it is scheduling only 30 instead of 34 months in the works.

In the mid-1970s M Andre Giraud, then the dominant figure in the French nuclear industry, remarked to me that he believed the only way to ensure efficient transfer of nuclear technology from Westinghouse to France was for the French to set up their own PWR research programme. The N4 reactor is the most significant consequence of this research effort.

The French have built upon a PWR development programme within the Commisseriat a' L'Energie Atomique (CEA) directed at Navy reactors for nuclear submarines. It is centered at the CEA laboratories at Cadarache near Aix en Provence. The naval and civil programmes collaborate closely.

In the past three years the French have spent lavishly on new facilities at Cadarache for the civil PWR, concentrating mainly on research to reduce the radiation dose to operators from the reactor, on improving the steam generator (proving higher-alloy materials for the N4, for example), and on the effects of ageing in PWRs over a 40-year lifespan.

At Cadarache, too, is Phebus, Europe's only facility at present for simulating a loss-of-coolant accident (or LOCA) in a PWR. As part of a five-year safety research programme with the Phebus reactor, which began in 1980, French scientists are planning to simulate the accident which occurred on Three Mile Island—that is, the equivalent of a small break in the coolant supply—in 1983-84.

Belgium: more orders

ITH ITS 1,650 MW of ıclear capacity, Belgium ırrently is obtaining 25 per nt of its electricity from ıclear energy, but expects this rise to 50 per cent within ıree years, with the commis- oning of another four actors. A government view of energy policy is pected to lead to more ders for reactors as well as ıe development of combined eat and power (CHP) pro- cts for process and district eat.

Belgium has covered one of ıe essentials of the fuel cle with its 11.11 per cent ake in Eurodif, the French- ased enrichment group, from hich it is committed to take 000 tonnes per year of en- chment.

In addition to earlier orders om the U.S and USSR, it ıould give Belgium a six-year ockpile of enrichment by the ıd of the decade.

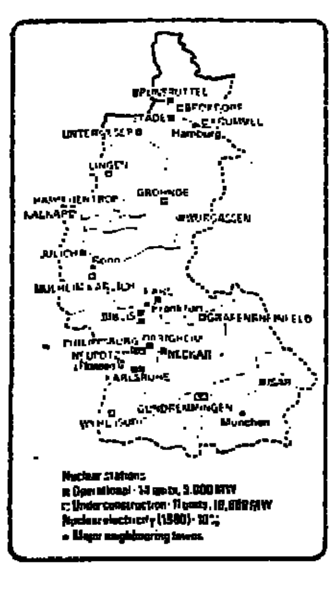
Attempts by the Belgian overnment to buy a part- hare of the Eurochemic eprocessing plant at Mol om the Nuclear Energy Agency have been baulked nce again by the fall of the overnment. Belgian law equires that the purchase ıall be debated by Parliament rst. This means that plans o restart Eurochemic on a ıew basis, as a commercial ompany owned 50:50 by the tate and Belgonucleaire, will ıot happen for at least a few nore months.

West Germany: violent opposition to growth

WEST GERMANY has 14 reactors in operation, providing 9,000 MW, and another 11 units under construction, expected to add 10,600 MW. Last year nuclear energy provided about 18 per cent of the nation's electricity. In Europe, its nuclear capacity is exceeded only by France.

But from the mid-1970s West Germany encountered severe, often violent, public opposition to its plans for rapid nuclear growth. For six years, until 1981, no new *reactors were ordered*, putting a heavy strain on Kraftwerk Union, the national nuclear design and construction group. Meanwhile, the country has suffered a serious economic recession. During the first six months of 1981 primary energy consumption fell 5.8 per cent compared with the same period in 1980.

Nevertheless, German government policy remains staunchly behind an expanding nuclear capacity. A recent government statement said that in order to "ensure the timely availability of additional nuclear power the government is taking measures to simplify and expedite the licensing procedure."



It believes the "nuclear debate" to be part of a wider debate on the risks and benefits of new technology and that it is becoming more rational and less violent. The Government stresses that while the debate has proceeded, the technical record of nuclear energy in Germany has continued to improve.

As partners with Britain and Holland in Urenco, the international uranium enrichment group, Germany has recently exercised its right under the Almelo Treaty to build enrichment capacity on its own soil. As a start, a gas centrifuge assembly line has been set up at Gronau, near the Dutch border, and conveniently close to the Almelo site currently shared with the Dutch.

Less smooth progress has been achieved towards finding a site for a planned 350 tonnes per year reprocessing plant. But DWK, the industrial group set up by the German electricity industry to handle nuclear waste management has been exploring the possibilities of a shareholding in the U.S. reprocessing facility at Barnwell, which has remained idle since the mid-1970s.

DWK is talking of taking half the capacity — which it puts at 1,000 tonnes a year —for the first ten years of operation. It said it is willing to put up half the finance needed to complete construction and necessary modifications to the plant.

Netherlands freeze

THE NETHERLANDS has two reactors totalling 500 MW in operation. But plans to build three more, of 1,000 MW each, have been frozen during a protracted political debate about nuclear energy, while the existing reactors are under constant political attack.

The country is a partner, however, in the tripartite Treaty of Almelo between Britain, West Germany and the Netherlands, to jointly develop a commercial company for uranium enrichment. The present production capacity of the joint venture, Urenco, is divided between Britain and the Netherlands (Almelo).

About 5.6 per cent of the country's electricity came from nuclear energy in 1980.

Japan: developing two of its own designs

JAPAN HAS 22 power reactors—PWR, BWR and Magnox—operating with a generation capacity of about 15,500 MW. It is obtaining about 12 per cent of its electricity from nuclear power.

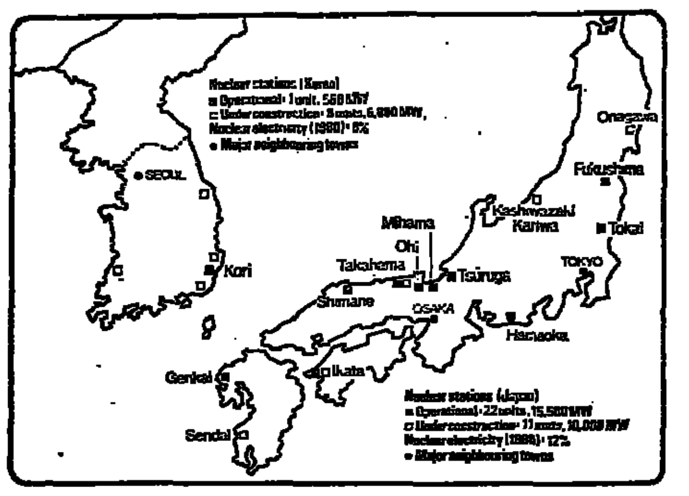
Another 11 reactors—PWR and BWR—are under construction, totalling a further 10,000 MW of capacity. A further five units totalling 5,300 MW are planned. But the Japanese Government stated in September that it envisaged a nuclear capacity totalling 53,000 MW—equivalent to the current U.S. capacity—by 1990.

Japan focused in the 1970s on foreign reactor designs built under licence by Japanese industry. But it has two of its own designs under development, in the shape of an advanced thermal reactor and a fast reactor, both of which will use plutonium fuel.

To this end it has put a substantial effort into reprocessing spent fuel. While European companies have undertaken to reprocess its fuel during the present decade, it is preparing for an independent capability in the 1990s. Its demonstration plant at Tokai-mura began full operation early this year, and the Government is urging private-sector construction of a full-scale one.

In support of international safeguards on plutonium, it completed in May a collaborative exercise with the U.S. and France (suppliers of its present reprocessing plant) called TASTEX, the Tokai Advanced Safeguards Technology Exercise. It has also undertaken to have IAEA safeguards inspectors based permanently at Tokai-mura.

Japan is developing the gas centrifuge route to enrichment of uranium. It has produced enrichment in smal quantities from a pilot plant at Nin-gyotoge. The Government view is that "technical prospects for enriching uranium on a commercial scale are becoming bright."



South Korea: big 'essential' plans

SOUTH KOREA has had one PWR of 560 MW in operation since April 1978, and has started construction of another eight units, the first of which (a Candu reactor) is expected on-load in 1983. So far it has generated 10bn WKh of nuclear electricity, and raised its first unit's capacity factor, from 46 per cent in the first year to 67 per cent in 1980.

The Government has declared plans for a total of 13 reactors in operation by 1991, providing 36 per cent of the country's electricity. It envisages more than 30 reactors in operation by the turn of the century. In a recent statement it called this programme "ambitious and absolutely essential." Currently it relies on imported oil to meet about half of its primary energy demand. It is looking to nuclear power to generate two-thirds of its electricity by the end of the century.

The first three Korean nuclear units will be turnkey projects but thereafter responsibility is being undertaken by Korea Electric. The Koreans insist upon, and have worked hard at, the transfer of technology, aiming at industrial independence by the 1990s.

Hyundai International has recently signed an agreement with the manufacturer Combustion Engineering, for the transfer of PWR manufacturing technology for key nuclear components, and a factory is being constructed to Combustion's design. The Korean group already had agreements with GEC in Britain for turbo-generator technology, and with Westinghouse on nuclear parts.

Dai Woo Heavy Industry ras negotiated a joint venture with Brown Boverie of France on turbo-generators, and a co-operation agreement with W. Kraftwerk Union of West Germany.

At KNE, the national nuclear design and construction company, the staff are being trained through agreements with Belgonucléare in Belgium and Motor Columbus in Switzerland, and by secondment to the U.S. architect-engineers, Bechtel.

Italy: a long hiatus

ITALY HAS four reactors in operation, totalling 1,450 MW, and after a long hiatus has just begun construction of two more 1,000 MW BWRs. Ambitiou. schemes for a series of 1,000 MW reactors have ben persistently thwarted by the problem of obtaining sites. Currently it languishes at the bottom of the league table of nuclear nations in nuclear electricity production.

The country's present energy plan envisages starting construction of two 1,000 MW units annually throughout the 1980s. This is reckoned to fill the capacity of the Italian nuclear industry, as well as meeting the forecast growth in electricity demand. It would give the nation 7,400 MW of nuclear capacity in operation by 1990, about 12 per cent of the forecast electricity demand by that date.

But a recent Government statement acknowledged that "site identification and approval by local and regional authorities is the most critical of the problems to be faced within the next decade."

Although the latest of Italy's four reactors in operation, at Caorso, and the two since ordered for Montalto di Castro, are all BWRs, the Italian nuclear industry has reached agreement that it should standardise in future on the PWR. This would bring it substantially into line with the rest of Europe, where PWRs are the dominant system.

The Government has asked ENEL, the state-owned electricity company, and the industry to develop a "standardised design" for a 2,000 MW nuclear station based on twin 1,000 MW PWR units, to be adopted for the next 8,000 MW of capacity

Italy, after a period of agonising, has decided on the advice of an independent expert commission to continue with two advanced reactor projects. One is Cirene, a heavy water-modeated, light water-cooled experimental project for which it sees export potential. The other is PEC, a fast reactor project, which would help underpin Italy's role in the tripartite collaboration with French and West Germany over Superphenix, the big French fast reactor.

India: more reactors

INDIA HAS four reactors in operation: twin U.S. boiling water reactors of 210 MW at Tarapur, north of Bombay, operating since 1969; and twin 22 MW pressurised heavy water reactors (RAPP-1 and RAPP-2) in Rajesthan state.

Four other heavy water reactors are under construction: twin 235 MW units in Madras and two more at Narora in Uttar Pradesh. Two more are to be built at Kakrapar in the western state of Gujaret, close to the River Tapti, some 60 miles from Surat.

Another four reactors are scheduled to start construction during the period of the current Sixth Plan (1980-85) but no sites have yet been disclosed. Nuclear power contributes about 3 per cent of India's electricity at present.

According to Nuclear Engineering International the import content of the Indian units has fallen progressively from 45 per cent of Rajasthan I, to 30 per cent for Rajasthan 2, to 12 per cent for the two units at Madras, and only 9 per cent for the units under construction at Narora. Beyond this, the plan is to increase the size to 500 MW units, and to make this the basis of a standardised series of a dozen reactors. The grand plan is to have 10,000 MW of nuclear electricity on-line in the year 2000.

Domestic production of heavy water is to be increased to meet a demand for 13,000 tonnes by the year 2000. India has three plants in operation, capable of making a total of about 200 tones a year. They all use the ammonia-hydrogen exchange process harnessed to Indian fertiliser production. But India introduces the newer GS hydrogen sulphide technology with its Kota plant, designed for 100 tonnes a year, now being commissioned.

Comecon: joint programme to build new capacity

THE USSR, in 1979, announced plans for a joint programme of nuclear construction and manufacture with its Comecon partners. This CMEA programme aims to install 37,000 MW of new capacity by 1990. Recipients will be Bulgaria, Cuba, Czechoslovakia, East Germany, Hungary and Poland, as well as the USSR itself. Romania has its own nuclear plan, based on the Candu reactor.

The CMEA plan is based on two reactor types developed in the USSR. One is the graphite-moderated RBMK 1000, developed originally as a military plutonium-producing reactor, which the USSR refuses to export. The other is the VVER, a pressure water reactor, available as 440 or 1,000 MW units. These designs are exported and also manufactured outside of the USSR, under the CMEA plan, provided the customer returns all spent fuel to the USSR.

The first 1,000 MW PWR is understood to have reached full-power at Novovoronezh earlier this year. The Russians have been more successful with their RBMK design, a pressure-tube reactor, of which at least four 1,000 MW units are in operation.

Who is responsible for overall control of the CMEA plan has not been disclosed, but control is presumed to reside in Russia. One change since the plan was first announced, however, is that 1,000 MW as well as 440 MW PWRS are to be built outside of the USSR.

The Skoda works at Plzen in Czechoslovakia disclosed this change of plan in September, and said that the first two units are destined for Temelin in South Bohemia. The decision to "licence" Skoda may reflect continuing manufacturing difficulties in the USSR with the larger size of PWR at the Atommash factory at Volgodonsk.

According to the Electrical Review, in addition to installing manufacturing capacity for 1,000 MW units by 1985, Skoda is expanding capacity for 440 MW PWRs from two to three units per year. Czechoslovakia itself, with two 440 MW units in operation, is aiming to install another 3,500 MW by 1990.

The USSR and five neighbouring states are also creating a "power pool" in which they will share both the cost of construction and the electricity output of large nuclear stations—4,000-8,000 MW—to be built in the USSR, mainly in the Ukraine. The Ukraine itself recently announced that it is preparing for 26 per cent of its electricity to be nuclear by 1986.

In total, the USSR is believed to have about 13,000 MW of nuclear capacity in operation and another 14,000 MW under construction. Its CMEA partners have another 6,000 MW under construction. Plans up to 1990 call for the completion of another 24,000-25,000 MW.

A new development from the USSR is the construction of reactors near cities to provide heat only for direct heating, or combined heat and power (CHP). Pairs of heat-only units of 500 MW are already being built to serve Gorky and Voronezh. Units of 440 MW are being planned to provide CHP fror Odessa, Kharkov, Minsk, Volgograd and other cities, the Government says.

Bulgaria has three 440 Mw PWRs in operation and a fourth scheduled to come on-line this year, all supplied by the USSR. The fifth unit at its Kuzloduj site will be of 1,000 MW, the first to be built outside the USSR under the CMEA agreement. Work on the foundations started this year and there are plans for a second unit of this size at the site.

East Germany has five small units totalling 1,740 MW in operation and produced about 8 per cent of its electrici from nuclear energy last yea Four more 440 MW units tot: ling, 1,700 MW are under co struction. The East Germ Government recently declar that nuclear energy was ind pensible in meeting futu energy needs both for ele tricity and heat production.

Poland has not yet begun first power reactor but has be greatly expanding its secon ment of staff to nuclear p jects in the USSR. It is ported to have 1,300 nucle construction specialists plans to increase the numbe 4,500 during 1981-83. Re ment for this work is to in electricity supplies. USSR has undertaken to vide Poland with 1.2bn kW 1985, rising to 6bn kWh 1988.

Outside the CMEA agreem Romania has ordered its se Canadian (Candu) unit, Ca voda 2, three years after first, and scheduled for op tion in 1985. Romania plan have 16 of these reactors by year 2000, and to arrange a gressive transfer of the tec logy from Canada.

Agreement has been rea between the two countries Canada shall inspect Romania's units to verify sa and quality of constructio stipulation on which the C dian Government insisted.

Also outside the CMEA stands Yugoslavia, with a MW Westinghouse PWR to completion at Krsko. In trast to other member-state the Eastern bloc, which been muted on the sub Yugoslavia has been outspo about the restrictions and ditions nuclear supplier-nat are attempting to place on transfer of nuclear techno to developing nations.

It challenges what it called the "selective polic non-proliferation."

Sweden: big scheme for storage

SWEDEN VOTED decisively in 1980 in favour of completing a programme of 12 reactors totalling 9,500 MW, since when nuclear issues have taken a back seat in public debate. It has eight reactors in operation, one awaiting approval to operate, and three more under construction. Nuclear electricity rose from 31.2 per cent last year to 36 per cent in the fist quarter of 1981.

Sweden has agonised over the issue of spent nuclear fuel and its disposal. Its "Stipulation Law" of 1977 gave the reactor owner the choice of two conditions before he could load fuel into a new reactor.

Either he could present "a contract, which in a reliable way covers the need for reprocessing of used nuclear fuel, and in addition show how and where absolutely safe final storage of the high active waste from the reprocessing can be achieved." Alternatively, he could show "how and where absolutely safe final storage of spent unreprocessed nuclear fuel can be done."

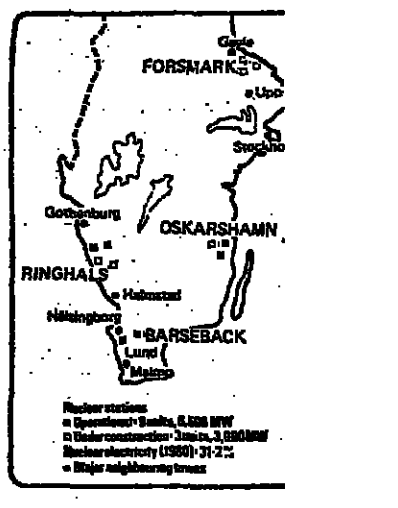
As a result, the Swedish utilities, through a joint company called SKBF, have taken several courses of action. The biggest scheme is for the construction of a central storage facility called CLAB, for unreprocessed spent fuel. This is scheduled to be ready for use in 1985, and will be large enough to hold the whole output of spent fuel from all 12 reactors to the year 2000.

With further expansion, CLAB is expected to be capable of holding all fuel for 25 years of operation of every Swedish reactor—the fullest extent approved by the present government for the use of nuclear energy in Sweden.

In the interim, while CLAB is being constructed, Sweden has placed contracts with Britain and France for the reprocessing of about one-third of all the spent fuel arising from the 12 reactors by the end of the 1980s. In total, they account for about 12 per cent of the spent fuel from the reactors over a 25-year life-span.

A specially-designed transport vessel is being built to ship spent fuel both to the overseas reprocessing factories and to CLAB.

Sweden made two new proposals to the IAEA's general conference in September. One was that the nation would be reporting annually on major developments in nuclear safety. The Swedish Government believes that a regular safety report—analogous to the annual report on safeguards against nuclear weapon proliferation—" could



provide valuable guidance our future work in sa issues."

The second, already subject of some prelimin discussions, was for an in national convention to fa tate the provision of em gency assistance in the ev of a civil nuclear accid This would serve strengthen other internatio collaboration in nucl safety, it said.

Sweden itself has alre established a Scandinav collaboration of this ki "We believe that someth similar but on a wider int national scale would serve t purpose of increasing co dence in the safety of nucl power," the Government sa

Finland evaluating

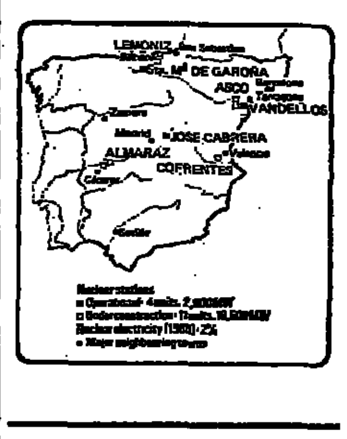
FOUR REACTORS, totalling 2,200 Mw have been built and brought on-load by Finland over the period 1973-80. The first two units provided 17.2 per cent of the country's electricity last year. The second pair, which came into operation at the end of 1980, give Finland a total of 2,200 MW and are expected to provide up to one-third of the nation's electricity this year.

Two of the reactors are 440 MW PWRs purchased from the USSR. Under the terms of the agreement between the Atomenergoexport and all overseas reactor customers, spent fuel is returned to the USSR for reprocessing. The other two reactors are 660 MW BWRs purchased from ASEA-Atom (Finland).

The Finns plan to send their spent BWR fuel to the storage facility (CLAB) under construction in Sweden.

Finland is currently evaluating proposals for doubling its nuclear capacity with two 1,000 MW PWR units, for which France (Framatone) and the USSR are leading contenders.

Spain: high growth rate expected



THERE ARE four nuclear reactors in operation in Spain totalling 2,000 MW, and another 11 under construction, totalling 10,500 MW. Another three (3,000 MW are planned to meet the current energy plan for 15,560 MW by the end of the century.

Spain has had the highest rate of electricity growth of any European nation, an average of 7.9 per cent per year throughout the 1970s. The proportion of nuclear electricity is expected to grow rapidly from a modest 2 per cent last year to 44 per cent by the early 1990s.

The programme suffered a two-year delay in the late-1970s while the necessity for a large nuclear programme was publicly questioned. The question was resolved in 1979 with the Government's announcement of a national energy plan, under which both nuclear and coal capacity for electricity generation are to be expanded rapidly. Under the plan, oil consumption for this purpose is virtually to cease by the early 1990s.

A nuclear security council (CSN) has been set up to advise the Government on nuclear power regulation. The Nuclear Energy Junta (JEN) has been restructured to give it a big role in nuclear security, m agement and radioactive wa disposal.

Spain has been building own manufacturing capacity the components of the nucl steam supply system, includ fabrication of big parts su as the reactor pressure ve and steam generators. This managed by Equipos Nucle under licence from U.S. West German suppliers.

A state-owned group ENU (Empresa Nacional del Ura SA) has responsibility uranium and fuel cycle acti ties.

Switzerland

SWITZERLAND has four reactors totalling 1,950 MW in operation, and one more of 940 MW under construction. Two more units are planned but delayed by public opposition, in spite of the fact that Switzerland obtained a greater proportion of its electricity from nuclear power last year than any other nation (31.2 per cent).

Beznau 1 claims a load factor close to 90 per cent for the year ending June 1981.

The nuclear proportion should rise to well over one-third with the completion of the BWR at Leibstadt, the containment of which was nearing completion this summer. The project has been held up, however, both before and since it was started. Its first fuel core—made in the U.S. and Italy—is already finished. Originally scheduled to come into operation in 1978, the earliest Liebstadt is now expected to be producing power in 1983.

In February 1979 the Swiss people voted in a referendum to reject a call for a moratorium on nuclear power introduced by anti-nuclear groups.

Pakistan

ONE Canadian natural uranium reactor of 125 MW is in operation in Pakistan. It has developed an independent fuel supply for its Canadian heavy water reactor.

Pakistan has recently completed a feasibility study on the construction of a large nuclear plant—a 900 MW PWR—which indicates that its electricity would cost about one-third that of an oil-fired station. "The economic advantage of nuclear power is thus overwhelming," its government reported to the IAEA general conference.

It announced that it was "s ting up the necessary supporti infra-structure in terms trained manpower, equipme materials and services to su port our nuclear power p gramme." It is planning "nuclear park" at Chas with perhaps six PWRs pl reprocessing and waste dispos

But its plans for more actors are hampered by t reluctance of the nuclear-su plier nations to transfer tec nology to any nation whi refuses to sign the Non-Pr liferation Treaty.

THE ARTS

Covent Garden

Tosca

by RODNEY MILNES

Monday's revival of *Tosca* at the Royal Opera House marked the tenth anniversary of Placido Domingo's first appearance there, also in the role of Cavaradossi. He certainly rose to the occasion. In sovereign, finely-focused voice and newly trim of figure, he gave one of his most remarkable performances in the house. His phrasing supple, his top notes ringing with supreme confidence, his breath control as beguiling as ever in "Qual occhio al mondo."

His acting, too, was more resourceful than sometimes in the past, with his jumpiness giving Tosca plenty of cause for jealousy in the first act, and his truculent bravado as much cause for interrogation in the second—as if Scarpia needed it. The articulation of despair in the third act aria was uncommonly convincing. A stunning performance.

His Tosca, as 10 years ago, was Gwyneth Jones. What can one say in the face of such unpredictability? Gleaming, firmly-placed notes—usually in the upper register—sit next to distressing, almost toneless squalls, sometimes within the same musical sentence. A well-formed expressive phrase can be followed by one that is all lumps, the notes scarcely joined together at all. The instrument seems almost out of physical control. Her womanly impersonation, with flashes of peasant earthiness in the second act, will do, just; it does not seem deeply felt.

Ingvar Wixell's vigorously sung Scarpia is no outsized operatic satyr, but an efficient, business-like chief of police, who enjoys the perks that come with the job with a sense of icy detachment. Perhaps this is not quite what Puccini had in mind, but it works. So does John Tomlinson's entirely believable Angelotti and Valerio Martinez's nicely raucous Shepherd Boy.

This revival of Zeffirelli's production, purposefully restaged by Ande Anderson, is lent a special distinction by the conducting of Silvio Varviso, about which there is not the smallest whiff of routine. He basks in the love music of the first act, coaxing sensuous sheen from the strings, and giving the swooning portamentos at the end of the duet their head. The second act he keeps on the move, shrinking none of its repulsive violence, and he cruelly plays up the rapture of the false dawn in the third. He also remained patient and calm in the face of some waywardness on the part of his principals: Mr Domingo making a meal of the end of "O dolci mani" and Miss Jones resolutely going her own way in her second-act aria. The orchestra played extremely well.

Leonard Burt

Placido Domingo and Gwyneth Jones

Festival Hall

Arrau by DOMINIC GILL

There was a time in the 1960s and middle 1970s when the Arrau I had grown up with, the great pianist (my acquaintance was largely from gramophone records) of the 'thirties, 'forties and 'fifties, seemed to have vanished entirely in the wash of a great green wave of lugubrious, laborious pedantic manners. As an ardent admirer who could never quite believe in the permanance of the decline, I heard him faithfully and often during those years, and the experience was often painful. But more recently, Arrau has fought his way out of the wave, and is once more, as he approaches his 80th year, riding its crest. It is not so much a transformation as a vindication: and his recital on Monday night, every page of marvellous vitality, authority and serenity, was a triumphant link between past and present.

He began with Beethoven's E flat sonata op. 27, whose opening measures he drew out of silence, breathless pianissimo, continuation rather than beginning. There were mannerisms to be sure: but none was obtrusive. It was a performance which grew fold on fold, with irresistible momentum—an extraordinary essay in keyboard drama embracing the whole spectrum of pastel colour. No less extraordinary was Arrau's account of Schumann's *Etudes symphoniques* which followed: a study in joyful, obsessive clarity, but everywhere powerfully contained. No trace here of the halting rubati and compulsive fragmentation of ten years past.

Both of his two Debussy *Estampes* after the interval were washes of fine colour—how much magical sonority there was in this recital!—whose rhythms were from time to time nearly lost, but never lost sight of entirely: "Grenade" was an especially heady evocation, surge of shifting perspectives, subtly underpinned. Chopin's F minor *Fantaisie* was given with unerring grandness, but held back very firmly—a transition rather than a climax, prelude to Liszt's Dante Sonata, where the flames leaped high at last, the climax a splendid smoky blaze.

Television

Jottings in a reviewer's notepad

Chris Dunkley reflects on the mass of information published through television—and its indifferent quality

Given that the Reverend Grant is not a television script writer but one of the many tedious Bible-thumping backwoodsmen who have recently emerged from the American undergrowth, what would you say he had in common with John Mortimer, Carla Lane, and Harold Pinter? Did you know that "Begin The Beguine" is at No. 21 in the hit parade? Had it occurred to you that the Mona Lisa is not a painting any more but a cultural construct? Were you aware that all accommodation requisitioned for the British in occupied Germany had to have the same curtains in order to be identifiable from the outside? Did you hear about the chap who told his sister "You're not as good in bed as Mum" and got the reply "That's what Dad always says" at which he inquired "I suppose it Borgia?" If the answers don't leap to mind are you sure you are watching enough television?

To be honest that last exchange may not have occurred in *The Borgias* (yet) though it is hard to be sure since about 20 per cent of the dialogue is incomprehensible. But all the other titbits are authentic items selected at random from a week's viewing in the middle of an autumn season which is notable more for quantity than quality. For all the talk of recession, we are still providing ourselves with a vast amount of television and plans are well advanced for a substantial increase. Commercial television companies still bleat publicly about an imminent collapse in advertising income but actually it is, as ever, on the up and up, and any day now the BBC will be given a hefty increase in the licence fee. Comparatively speaking, television is a boom industry.

Some of my fellow critics can remember when one person could easily keep a watching brief on the entire output and be sure of catching everything worthwhile but those days are gone. Now it is a question of nipping from preview theatre to fireside and flicking from channel to channel and from live broadcast to video recording to try to avoid missing anything noteworthy. Very often the result is an awful lot of notes.

"Strides round nunnery like late 20th century feminist in jeans" for instance, which refers to Anne Louise Lambert's portrayal of Lucrezia in *The Borgias*. Clearly the series is intent upon avoiding received notions about a ruthless and cunning Renaissance femme fatale—but so far the image of a fractious teenager hardly seems more convincing. My faith that the series would slowly pick up, as did *I Claudius*, is now fading. When it is felt necessary to have Lucrezia deliver the line "Do as I say or my uncle comma the Pope comma will have you flogged" as far in as Episode 4 something is wrong.

"Begin The Beguine back in hit parade at 21" is a note that results from watching *Top Of The Pops* which is becoming more and more bizarre as the weeks pass and the number of familiar old tunes in the Top 20 grows and grows. At No 1 last week was "It's My Party" which sold a million records for Lesley Gore in 1963. It does seem perverse to mix such increasingly old fashioned music with ever more weirdly modern dance troupes. Legs And Co who replaced Pan's People have now been dropped in favour of Zoo, a group which has taken all the leaves out of Hot Gossip's book and managed to make an awful mess of them: black ciré *and* chains *and* gold lamé mini-skirts *and* scarlet wet-look dresses all tricking out the most frenetic Kate Bush dance movements. It is difficult to believe that this is what is wanted by the buyers of "Begin The Beguine."

Similarly odd juxtapositions kept occuring in Gina Newson's *Arena* programme "Have You Seen The Mona Lisa?" The familiar face turned up as typescript, as a pastel pastiche on the pavement, and in a hundred varying forms stacked up behind the young man who explained that it wasn't a painting any more but a cultural construct. The idea which I assume was behind this programme is a good one: to discover why some familiar image is so famous and what it means to different people. But it was better exploited by Dutch television which took Van Gogh's "Pavement Café By Night" as its subject, and produced more interesting vox populi.

The uniform curtain material (predictably enough a big floral pattern) turned up in BBC2's *Zone of Occupation*, a five-part documentary series produced by Patricia Meeham which begins where Thames Television's *World At War* finished, and investigates the obscure and eye-opening subject of British rule in post war Germany. The structural style of the programmes is so like Thames's that they could almost form a single series: Meehan cuts from black and white archive film to modern interviews with eye witnesses, British and German, and back again just as *The World At War* did.

The big difference is in the script which was written for *Zone of Occupation* by Patrick O'Donovan and frequently sounds like a combined complaint and apology for the fact that Britain was on the winning side. That the British in Germany set up clubs separate from the Germans, and that Germany at that time "was a world of rich and poor decided by nationality" (how things change!) both seem to me far from surprising and hardly reason for donning a hair-shirt now, given that the worst war the world had ever seen had just been won and lost. On the credit side the exploitation of still photographs is magnificent.

"Schism between nurses and doctors" is one of the notes on my pad for Thursday night, which brought the week's smartest bit of opportunism: the moment that the result of the Dr Arthur case was known, Granada was ready with an hour-long programme called *A Life Worth Living*, one of their excellent hypothetical case-studies. These have created a way for television to analyse the abstract — ethics, politics, philosophy — in a grippingly dramatic way with virtually no sacrifice to showbiz. The only weakness in Thursday's example was the failure to explore the gap between nurses (who would feed the afflicted baby milk) and doctors (some of whom would restrict it to water).

As for the Reverend Grant, John Mortimer, Carla Lane and Harold Pinter, they share an unawareness of the difference between "I" and "me" when used after another personal noun. In Yorkshire Television's *Onward Christian Soldiers—The Moral Majority* Grant, who seems to believe God is a white Anglo Saxon protestant monetarist, declared: "It is just as immoral for governments to spend dollars they do not have as for you or I to spend dollars we do not have." *(For I to spend dollars.)* That apart, the programme proved what a price you may have to pay for the audience-pulling advantage of a big-named front man such as David Frost.

The subject was fascinating and we have seen far too little of it on British television, but Frost spoiled it by proferring pat-a-cake questions to even the most clearly barmy right-wing fanatics (such as those claiming God would "judge" America for her abortion laws with Russian missiles) then waiting for the sanctuary of the studio to pour scorn on the answers. How much better to have used a really good reporter in the first place.

Mortimer who adapted *Brideshead Revisited* from the novel had Sebastian ask "Would you care to dance with my friend and I?" *(Would you care to dance with I)* and Carla Lane required one of the characters in her new sitcom series *The Last Song* to declare "She's coming to see you and I" *(Coming to see I)*. Harold Pinter said to Melvyn Bragg in the first of a new series of *The South Bank Show* "If there had been a camera watching Karel Deisz and I!" *(A camera watching I)*.

That edition of *The South Bank Show* tended to disprove my theory that its interview programmes are best when dealing with areas in which Bragg has personal experience. He adapted "Isadora" and "Jesus Christ Superstar" for the screen yet his investigation of the creative process involved in the screenplay of "The French Lieutenant's Woman" was pretty prosaic.

Warehouse

Timon of Athens

by MICHAEL COVENEY

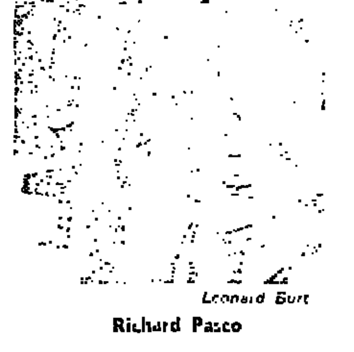
It is impossible to deduce from this engrossing play what exactly prompts the hero's fatal philanthropic outlook. Is Timon's indiscriminate generosity a symptom of folly, excessive credulity, innocence or merely a sunny disposition? We never know, though his material decline could in part be put down to bad accountancy. Instead of argument or clues of motivation we are confronted with the phenomenon of a disappointed benefactor, his renunciation of all human contact in a desolate landscape and a flood of misanthropic bile.

The great merit of Ron Daniel's RSC production is that you hear a comparatively unknown play as if it had been fresh-minted. Richard Pasco's Timon is initially a radiant host in a society that expresses itself in its customs. His mistake, perhaps, is to place too great a store by the rituals of greeting and communal feasting. The cast is dressed in kimono-style robes, meals taken at low tables with much fluttering of napkins and chopsticks. Having just returned from Georgia in the Soviet Union, where manners at table maketh the man and etiquette is all, I can easily accept the crashing dejection that envelops Timon when his friends turn treacherous creditors at the first sign of waning hospitality.

Although the Alcibiades sub-plot occupies only a few scenes, the general's parallel discomfiture at the hands of people he has served well comes across with great force. When his defence of a mysteriously convicted soldier fails, Alcibiades is banished before returning, like Coriolanus, to lay siege to his home town. James Hazeldine plays the warrior with great finesse, an action-man alternative to Timon's abrasively philosophical stasis.

They are fellow victims of wheedling lesser citizens and, while Alcibiades gathers his troops offstage, Timon is left to rant and rail against humanity. Every stage in Timon's degeneration is beautifully plotted by Mr Pasco, his great poetry demolishing the petty, affected cynicism of the wry philosopher Apemantus (John Carlisle). As he rummages for roots and finds unwanted gold, Timon's back-to-nature journey, ending in a grave by the sea, is mirrored in Chris Dyer's second-act tangle of rigging and tattered cloth.

This is in remarkable contrast to the scrubbed boards and bright lights of the first half. Timon ends up a red-eyed shock-haired cave man full of loathing and devoid of any will to exist. The production is particularly good at reflecting this brutal transfiguration in the reactions of his domestic retinue.



Leonard Burt

Richard Pasco

Fortune

Brothers Karamazov

by ROSALIND CARNE

In one crucial respect Richard Crane has not only dramatised but extended this 19th century masterpiece. The price may be the Orthodox Russian soul which Dostyevesky tried so hard to rescue, but then the godly arguments are the novel's weakest. By concentrating on the anguish of the intellectual nihilist, Ivan, the play draws on the unconscious prescience of genius, and creates a 20th century prophet.

The simple, effective design by Fania Williams and Richard Johnson is a raked wooden cross against black drapes. Here the events and confrontations leading up to the murder of old Karamazov are presented in a fluid composition of realism, soliloquy and verbal interjection. For the most part, we witness a series of highly charged conversations.

Using four actors to play not only the brothers but all the remaining parts is more than an economic decision. They take turns as the father, thereby underlining both the blood bond and their collective guilt. Words of secondary characters are carefully transposed into their speeches. And the two women, Grushenka and Katerina, are present in spirit throughout.

Bruce Alexander, gruff and irascible, at first seems too shallow for the impassioned Dmitri. But he achieves a moving pathos, if not quite nobility, after the murder, stripped naked at his interrogation. The same actor uses the hint of shallowness to advantage as the urbane fiend of Ivan's hallucination. Will Knightley suggests greater depths as the second brother, the brilliant casuist and thinker who can be equally ferocious, loving and conscience stricken. Smerdyakov, the bastard, though less subject to internal examination, has an amplified stage role, alternately accusatory and unctious in a splendid performance by Peter Kelly. Stephen Boxer has less scope as the saintly Alyosha, who, with artful manipulation, becomes a commentator on the tragic events.

He is also responsible for the haunting music, with lyrics by the playwright and Schiller, who had considerable influence on the novelist.

The production by Brighton Theatre is directed by Fania Williams and arrives from the Edinburgh Festival as the first in a series of fringe transfers under this theatre's new ownership. If the follow-ups have anything like its power, the venture should succeed.

Golden Broadway

Crimes of the Heart by FRANK LIPSIUS

Last year's Pulitzer-prize winner finally arrives on Broadway after a circuitous tour that started in Louisville and stopped briefly in New York at the Manhattan Theatre Club before venturing back on to the Great White Way.

The Pulitzer unfortunately creates somewhat inflated expectations for this well-constructed and amiable but modest little story about a bad day for the McGrath sisters in Hazelhurst, Mississippi. The young playwright, Beth Henley, has a gift for getting out of preposterous situations with genial and gentle humour, which here is much aided by director Melvin Bernhardt's keen eye for visual gags and skillful pacing of the nonstop action.

The three sisters congregate in the ramshackle Victorian kitchen designed by John Lee Beatty to plan a strategy for youngest sister Babe, who has recently shot her unloved and unlovable husband, Zachery. The three indulge in a screwball reunion, with Lenny already a straightlaced old maid and Meg a vivacious but unsuccessful singer reduced to office work in Hollywood. Their troubles are compounded by worry over grandfather's stroke, which is reported in a steady stream of phone calls that plague the McGrath household.

Melodramatic events come tmubling on top of each other, but they continually manage to turn two negatives to a positive. Thus news of grandfather's second stroke convulses the girls with infectious laughter because Meg is desperate to tell grandfather what life is really like for her in Hollywood.

Mia Dillon is an adorable attempted murderess, and if Mary Beth Hurt is not believable it is only because her exuberance and good looks make her seem a natural show-biz success in Hollywood. Lizabeth Mackay as Lenny has the one thankless role as a dowdy 30-year-old whose nagging prudery is supposed to pass for humour because of its sitcom-style incongruity.

Theatre appeal reaches £1m

The future looks bright for Bath's Theatre Royal, engaged in a public appeal to raise £1.6m to restore and re-open the historic building, with the announcement that the appeal has reached £1m.

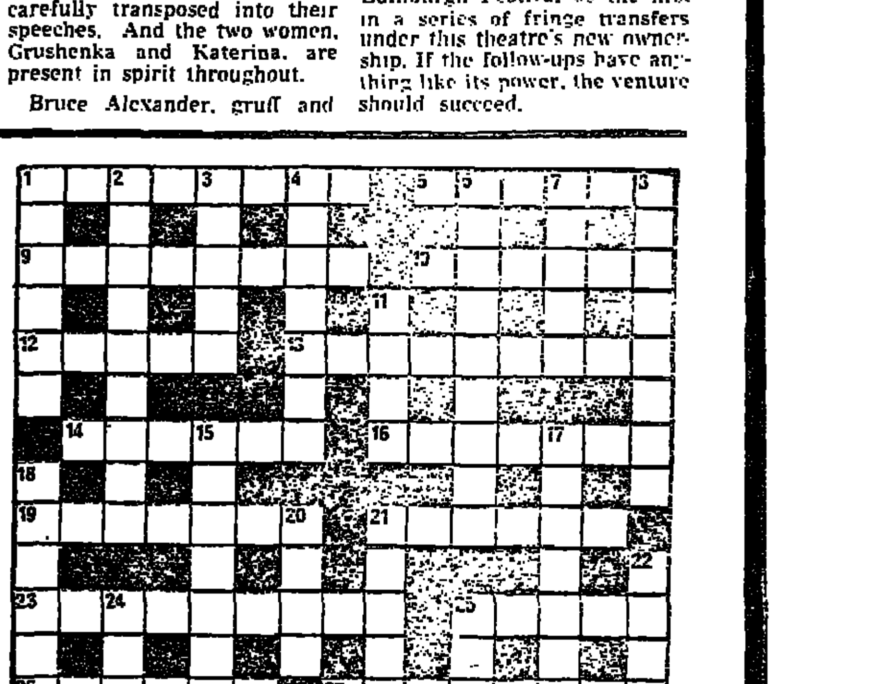
The latest major contributions include £25,000 from one of the Sainsbury family trusts and £8,000 from Lady Oona Chaplin.

Lady Chaplin, daughter of playwright Eugene O'Neill and wife of the late Charles Chaplin, is endowing Bath Theatre Royal's house curtain. It will bear the initials "C C" and a walking-stick motif, but the final design has not yet been decided.

"We absolutely loved the city of Bath," says Lady Chaplin, "and often attended performances in its beautiful Theatre Royal."

The theatre closed at the end of June this year and is expected to re-open towards the end of 1982.

F.T. CROSSWORD PUZZLE No. 4.721



ACROSS

1 Old Nick in America? (8)
5 Learn to escape (3, 3)
9 Two clubs—it's growing very tough (8)
10 Coin—lucky find (6)
12 Graduate, but in Latin was at the bottom (5)
13 Fibre firr—has difficult directors (9)
14 One from Botham? He'll sew it up (6)
16 No winds swirl here in Wiltshire (7)
19 Squeezes out former civil wrongs (7)
21 Live on own and show good conduct (6)
23 Take for granted mail universally delayed (9)
25 Lady-love thrown over by a cowboy (5)
26 One new to garrison—castle, that is (6)
27 Nark of policeman, perhaps, without energy (8)
28 Off-peak calls? (6)
29 Risk hard lines in court (8)

DOWN

1 Hippy disposition of arms (6)
2 Look out! It has a high tar content (5-4)
3 Engaged to be pulled with a rope (5)
4 One more of the same kind—strangest on earth (7)
6 Found to be less habit-forming (9)
7 Board getting two "ayes" from the continent (5)
8 Not an "in" writer in the 18th century (8)
11 Badly mars heraldic devices (4)
15 One should always pocket litter (9)
17 Plunder from old Chester, say (9)
18 Do in a battery? (3-5)
20 Only pretend to have meat on Sunday (4)
21 This dangerous winger makes it a poor home bet (3-4)
22 Hardship for Christian? Munificence needed (6)
24 Rebuke a shrew (5)
25 Nobody's son is almost wolf-like (5)

Solution to Puzzle No. 4,720

U	P	R	I	G	H	T		M	I	S	C	A	S	T
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Wednesday November 11 1981

A market for entrepreneurs

THE Stock Exchange's Unlisted Securities Market, set up just a year ago, has already gone a long way to fulfilling the important goals set out for it. The need for a supervised, junior-level stock market became apparent in the mid 1970s when the flow of new companies to the Stock Exchange all but ceased. In part this was because, under the severe income tax rates then in force, many entrepreneurs were inclined to combine their personal and business affairs in private companies rather than go public. But the fairly steep costs involved in meeting the requirements of a listing were also a strong disincentive.

Criticised

The result was that a vital part of the market system for channelling savings into new businesses and rewarding successful entrepreneurs was no longer working. The Stock Exchange was widely criticised for being slow to respond to the challenge of organising a new market that would provide adequate protection for investors while not discouraging small companies with excessive costs or administrative requirements.

In the light of the USM's first year, the exchange seems to have got it about right. More than 70 companies have been attracted to the new market so far. Many of them are in computing and other high technology fields where, it is frequently argued, more support from the capital markets is needed. But the USM has also attracted several manufacturing businesses, retailers, oil exploration companies and an insurance company.

A total of £70m has been raised so far through placings, offers for sale and rights issues.

USM shares tended initially to command higher prices on average than listed shares and there was concern for a while about the fancy ratings on some computer shares. But following the sharp overall market decline in September, USM prices have followed more closely those of the market as a whole.

Meanwhile, contrary to the expectations of some in the City, there have been no major scandals as yet nor any bankruptcies although, given the speculative nature of many USM companies, this unblemished record cannot be expected to continue.

According to most reports, exchange officials are every bit as rigorous in their scrutiny of candidates for the USM as they are for companies seeking listings. Whether this was the original intention, it is certainly the right course. Investors need to know that whatever the business and financial risks these companies face, at least the directors will have to abide by high standards of behaviour.

There are other criticisms of the USM, for example, that many flotations seem to be made solely to enable owners to sell some of their shares. This is always a difficult issue to judge. Often a company does not need to raise new money for expansion. Moreover, entrepreneurs have every right to claim some reward for their success. But investors have shown that they can make up their own minds. One USM flotation was withdrawn after criticism of the fact that the entire £2.9m placing proceeds were going to the principal shareholders.

Another question is at what point USM companies should move up to a full stock exchange listing. The travel group, Intasun, for example, with profits of £10.5m last year, was an obvious candidate for a listing but its owners were not willing to part with the minimum 25 per cent of the shares required for a listing. The USM requires only 10 per cent.

Attraction

When the USM was launched, the hope was expressed that it would be an attraction for private investors who have tended to leave the stock market in the past few years. This was probably too much to expect. Most new issues are small and tend to be snapped up by professional investors. But what matters is that the USM is providing an efficient and apparently needed new channel for bringing investors into contact with small companies with outstanding growth prospects.

It is already a valuable element in the new financial framework that has been evolving in the past couple of years to promote and encourage the entrepreneur.

Lord Denning on London Transport

LORD DENNING'S judgment outlawing the policy of lower London Transport fares initiated last month by the Labour-controlled Greater London Council will, if it is upheld by the House of Lords, throw into confusion the basis of transport policy and local government in Britain. The decision, which was supported by the other two judges sitting with Lord Denning, seems to imply that the GLC does not have the power to increase its subsidy to London Transport in order to reduce fares.

If this is the case, then there will have to be immediate new legislation to control London Transport and other local transport networks. Either the GLC will have to be given the power (which it thought it had) to set subsidy levels and determine fares policy, or some other body will have to be put in its place to do this.

Subsidies

The alternative would be to require London Transport to operate without subsidy altogether. This would involve fares very much higher than those prevailing before October's reductions since, throughout most of the 1970s, London Transport has been receiving subsidies equivalent to between one-quarter and one-third of its total costs. An unsubsidised London Transport may be considered desirable, but it would be both absurd and undemocratic for such a change of policy to be imposed by judges rather than by Parliament or local government. It would be no less undemocratic to let subsidised transport continue, but to give judges the power to determine the appropriate level of subsidy.

Thus, judicial review is no solution to the controversy over London Transport. But the underlying causes which led the Borough of Bromley to challenge the GLC should not be forgotton if the House of Lords reverses Lord Denning's judgment. Whichever way the final decision goes, this court action will have served Londoners well by bringing into even sharper focus two problems about the way public transport is organised and financed in London.

The first great flaw which has severely damaged what used to be one of the best urban transport systems in the world has been the increasing politicisation of London's transport policy. Even more than the public corporations at national level, the London Transport Executive has had to cope with wild swings in transport policy as aggressively outspoken and frequently short-sighted politicians from both parties have alternated at County Hall. The fact that these local politicians have often been in conflict with national governments of the opposite political colour has added to the difficulties of coherent planning, investment and labour relations at London Transport.

The political conflicts over London Transport have grown steadily as the system's problems have increased. In the end both Conservative and Labour administrations have spent large sums on subsidies and have attempted to exhort management and unions to improve efficiency. But there has been no coherence in policy on either side. Conservative politicians have never fully accepted that deliberate subsidisation of public transport, as opposed to ad hoc deficit financing, is a natural part of rational urban policy. The Labour Party has minimised the need for productivity improvements if subsidies are to be kept within bounds and service improved.

Responsibility

The second factor undermining all efforts to improve London's public transport has been the arbitrary division of responsibility for London Transport and the commuter services of British Rail. The fact that fares policy, financing and investment planning for these two networks are in totally different hands (often, indeed, they are controlled by opposing political parties) makes a coherent transport policy for London almost impossible.

Once it is accepted, as it must be, that some element of subsidy is inevitable in urban public transport, the case for a radical reform of London's transport administration becomes irresistible. The need is for some form of integration between the London Transport and British Rail networks and for a system of administration and subsidy which would minimise, rather than maximise, the transport network's tendency to become a shuttlecock for the politicians in County Hall.

STABILISING STERLING

Wriggling on the EMS hook

By David Marsh

THE British Government is wriggling again over a question on which attitudes have gyrated almost as sharply as sterling over the past three years—whether to join the EEC's currency stabilisation scheme, the European Monetary System.

Mrs Margaret Thatcher and her economic Ministers are still not convinced that the merits of the scheme are sufficient to warrant a "yes" to the rest of Europe.

But, as Sir Geoffrey Howe, the Chancellor of the Exchequer, said at the beginning of the month, the arguments are "finely balanced."

The Government is searching for ways of backing up its battered medium-term financial strategy with new targets to impose anti-inflation discipline. At the same time, a policy of keeping sterling steady through interest rate action and increased Bank of England intervention has anyway assumed greater significance after the pound's slide since the summer started to put upward pressure on the inflation rate.

All this means that the idea of joining a formal scheme to link Britain with low-inflation countries like West Germany and the Netherlands is being taken more seriously in Whitehall than at any time since the EMS started operation in March 1979, just two months before the Conservatives came to power.

Joining the scheme would, of course, have no impact on stabilising the pound against the currency whose volatility has caused most trouble over the past two years—the dollar. But with the U.S. Administration unlikely to change its policy of leaving American interest rates and the dollar fully to the mercy of market forces, the EMS at least offers the possibility of participating in a zone of currency stability in Europe.

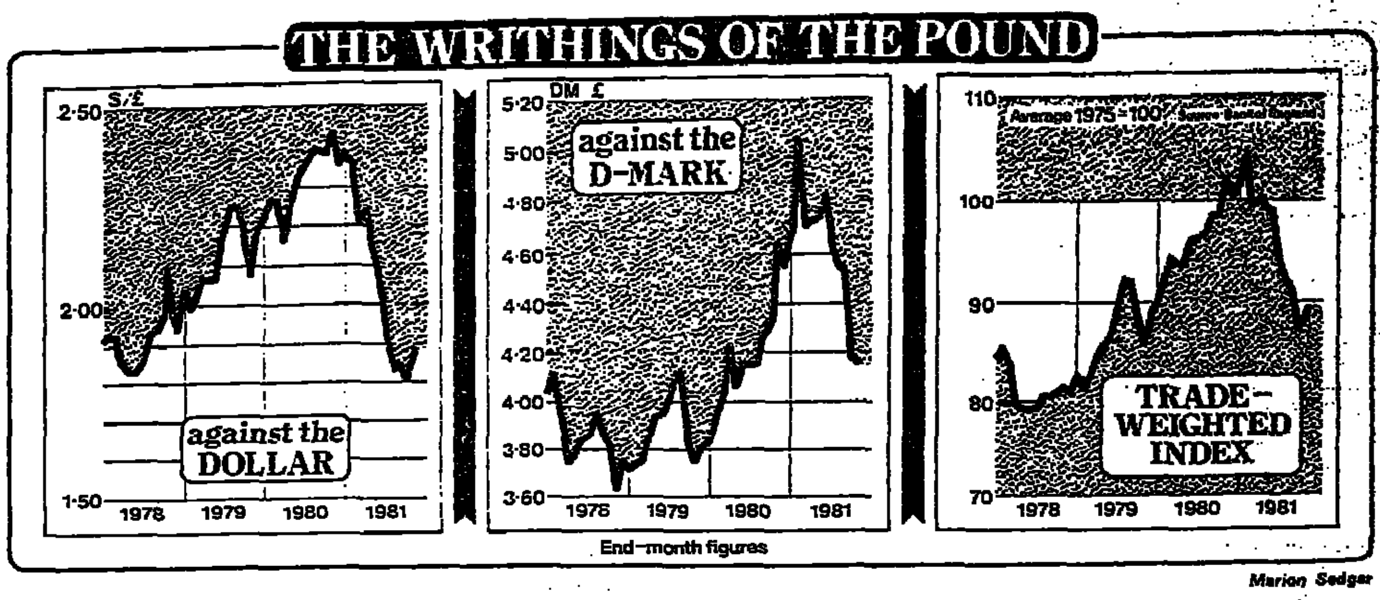
Government Ministers have been busy explaining that a decision to join—as has been urged by Mr Edward Heath and other Tory dissidents—would be a long way from a "soft option."

Mrs Thatcher and her top Treasury team were to have held an "EMS teach-in" at 10 Downing Street today to bring themselves up to date on the arguments. The session has been postponed because of pressure of work. No new date has yet been set. This implies, Whitehall officials say, that the matter is not viewed as particularly urgent, and that a decision on membership is unlikely in the near future.

Although the Bank of England is now broadly in favour of joining the scheme, perhaps with the wider 6 per cent fluctuation limit allowed to Italy, Mrs Thatcher is still influenced strongly by the negative factors on her checklist.

All the same, she is not beyond persuasion. A number of factors have only recently been added to the "pro" side of the checklist:—

THE WRITHINGS OF THE POUND



End-month figures

Marion Sedger

THE TEN COMMANDMENTS—AND HOW THEY ARE KEPT

1—Each member currency (those of all the EEC countries except Britain and Greece) has a set of bilateral fluctuation limits against each other currency, made up of a margin 2¼ per cent each side of its central rate. (The exception is Italy, which is allowed a 6 per cent margin.)

2—Each currency also has a limit for its divergence from a central rate against the European Currency Unit (ECU). When fluctuations reach 75 per cent of this limit — the "divergence threshold" — the country concerned is expected to take corrective economic measures to bring its exchange rate into line.

3—Central banks are committed to intervene to defend currency parities when bilateral fluctuation limits are reached. In practice, however, the bulk of intervention is carried out on a discretionary basis before limits are actually reached.

4—Participating countries are informally bound by what EEC central bankers call the "rules of the game." They must be willing to take unpopular interest rate action if necessary to keep exchange rates stable.

5—To make the system reasonably flexible, specific allowance is made for occasional currency realignments — to be decided by mutual agreement. In practice, it doesn't always work out this way — in March the Italian Government devalued simply by ringing up the others and telling them.

6—Britain and the other EEC countries receive a stock of ECUs for use in intervention in return for 20 per cent of gold and dollar reserves. This is effectively a painless way of mobilising gold reserves.

7—To finance intervention by the weaker members, central banks are allowed to grant each other unlimited credit in EEC currencies for extendable two to three month periods.

8—For longer term balance of payments aid, the EMS also allows longer term loans out of a total credit pool of $25bn. Only Italy has ever made use of such drawings.

9—To promote economic convergence, the EMS includes provision for interest rate subsidies on loans to poorer countries like Italy and Ireland. This aspect of the EMS is now, however, given much less prominence.

10—The European Monetary Fund is meant to be set up eventually as a sort of European IMF to consolidate existing credit mechanisms. This idea is mothballed for the moment — though the French might revive it.

● Sterling has now fallen to close to the DM 4 level at which some observers—in the Bank of England for example—feel it might be appropriate to join. After a two year period of exchange rate writhing, this is well down from the clearly overvalued DM 5 at the beginning of the year, but still a long way above the levels against the D-Mark of two to three years ago. Membership at around the present rate might be an acceptable compromise

Significantly, the pound is now back to the level—both against the D-Mark and on a trade-weighted basis—at which it was ruling in the summer of 1979, before the drastic depreciation of the next 18 months. Pegging it at around the present rate would bring a return to the status quo in force just after the Government took office.

● For the first time since the EMS started, the Treasury now has the impression that some of its EEC partners actually want Britain to join. M Jacques Delors, the French Finance Minister, said at the International Monetary Fund meeting in September that he favoured UK membership.

More important, the West German Bundesbank, which had been sceptical about sterling joining the scheme, has now had a change of heart. Herr Karl Otto Poehl, the president of the Bundesbank, came out publicly in favour of UK membership "at the appropriate moment" in London last month.

● The pound's petro-currency status undoubtedly adds to sterling's volatility in times of oil market crisis, caused, for instance, by events in th[e] Middle East.

However, a sterling-D-Ma[rk] link would now arguably be le[ss] subject to strain because of th[e] growing convergence of th[e] British and German economie[s]. Last year at one point the tw[o] countries' inflation rat[es] diverged by as much as 15 pe[r]centage points, while Brita[in] was running the largest surpl[us] in the industrialised world a[nd] Germany the biggest deficit.

Now, thanks partly to high[er] German inflation but mainly [to] the sharp slowdown in Britai[n], the prices gap is only about [...] points, and the current accou[nt] divergence too is becoming le[ss] extreme.

Polite disappointment can [be] heard in some quarters at t[he] Bank of England that S[ir] Geoffrey failed to bring Brit[ain] into the scheme at what mig[ht] have been a golden opportun[ity] when he chaired an impromp[tu] EEC finance ministers' meeti[ng] in Brussels to decide l[ast] month's EMS realignment.

However, Mr Gordon Richa[rd]son, the Bank's governor, wh[o is] giving his approval in rece[nt] speeches to the idea of joini[ng] the scheme eventually, is fu[lly] aware that the decision cann[ot] be taken lightly.

From bitter experience, t[he] Bank knows all about the [...] fails of joining a fixed exchan[ge] rate system at the wrong t[ime] or with inadequate continge[ncy] planning for currency tur[bu]lence. Sterling participated [in] the forerunner of the EMS, [the] European currency "snake," [in] the spring of 1972, but had [to] leave only six weeks later af[ter] coming under massive press[ure].

Since then, the Bank's int[er]vention resources to cope w[ith] this sort of unrest h[ave] expanded enormously—and [the] credit mechanisms within [the] EMS would give further am[mu]nition. The basic econo[mic] advantages of forging [a] currency link with Eur[ope] have also grown. Last year [...] per cent of Britain's trade [was] with the "D-mark bloc" of [the] EEC, Austria, Switzerland [and] Scandinavia—against only [...] per cent a decade earlier.

If Britain decides not to [join] the EMS, a less adventu[rous] but certainly lower-risk alte[rna]tive policy would simply b[e to] continue present efforts [to] stabilise the pound's tr[ade-]weighted value, curre[ntly] around 90 per cent of its [...] level.

This was very similar to [the] policy decided upon by [Mr] James Callaghan when [the] Labour Government decided [not] to take sterling into the [...]

If Britain entered the [...] but ran into a currency sq[ueeze] and could not hold a stable r[ate] the Government would sin[...] lay itself open to more polit[ical] opprobium in addition to [...] caused by missing its mo[ney] supply and inflation targets.

The Government's fu[nda]mental doubts about whe[ther] the EMS would really be of [...] in a severe currency storm [were] displayed by one Minist[er's] lugubrious remark about [the] scheme's lack of protec[tion] against the dollar's volati[lity]: "If Henry Kaufman sounds [...] we would get hit anyway."

WHAT THEY SAID

DENIS HEALEY, Chancellor of the Exchequer, Nov. 1978: "Stability in exchange rates cannot be achieved through intervention policy unless the underlying economic situation is appropriate, and we do intend to pursue fiscal and monetary policies which are likely to keep our rates stable whether we join the EMS or not."

JAMES CALLAGHAN, Prime Minister, Dec. 1978: Membership of the EMS "would place obligations on us that might result in unnecessary deflation and unemployment."

MARGARET THATCHER, Leader of the Opposition, Dec. 1978: Lack of agreement on EMS membership "is a sad day for Europe."

SIR GEOFFREY HOWE, Chancellor of the Exchequer, Jan. 1981: "With sterling in the EMS . . . there would have been substantial strains, with the possibility of two or even three realignments of central rates in addition to those which have occurred."

MR GORDON RICHARDSON, Governor of the Bank of England, Feb. 1981: "Let us hope that . . . conditions in the UK will become conducive to our own participation (in the EMS) at the proper time."

SIR GEOFFREY HOWE, Oct. 1981: "Stability within (the EMS) is only attainable through pursuit of the same responsible domestic economic policies which our critics, would have us abandon."

MRS THATCHER'S CHECK LIST

FOR:

● FORMAL exchange rate target as part of EEC-backed scheme would apply comprehensible external anti-inflation discipline to support Government's internal policies.

● BY hitching sterling to D-Mark, Britain would benefit from Germany's monetary stability.

● POLITICAL advantages: united Europe (Foreign Office line). Germany and France also now keener for UK to join.

● ADVANTAGES of exchange rate stability for trade and industry. D-M bloc countries now account for 54 per cent of Britain's foreign trade.

● NOW is best time to join: sterling's overvaluation corrected, UK inflation down

AGAINST:

● AS A volatile petrocurrency, sterling is fundamentally unsuited for membership of semi-fixed exchange rate scheme.

● RATE-FIXING and intervention are against the Government's ideology. German monetary link would bring loss of economic sovereignty. Bank of England lacks technical expertise at maintaining fixed rates (remember 1972).

● FUTURE of EMS is endangered following French Socialists' election, increasing divergence of members' inflation

● INDUSTRY might complain at damage to competitiveness if sterling joins now at too high a rate. More important: decision to join would be following recommendation of Heath

Men & Matters

Take me to your Lido

Victoria will be very amused indeed next May when the James B. Sherwood Venice-Simplon-Orient Express finally whistles its way towards the Rialto. Amid the crowds of old-age pensioners swapping Persil packets for off-peak returns to Hove, a select few will be hopping aboard the campy chocolate-and-banana coloured Pullman carriages, furnished like a Mateus Rose advertisement come to life and bound for Venice by way of Paris and Milan.

Sherwood is president of Sea Containers, which lives up to its name by being the world's largest lessor of marine container equipment. Not a terribly glamorous business, except to investors who have favoured the group as a growth stock. But Sea Containers has a hedonistic streak. It bought the Hotel Cipriani in Venice in 1976; last year it sank $6m into the Lodge at Vail in chic U.S. ski country; it is partnering Annabel's owner Mark Birley in Harry's Bar, London; and is now buying a Florentine hotel converted from a monastery designed by Michelangelo.

Sea Containers has sunk £11m, or roughly the cost of a small cathedral, into the new Orient Express. Passengers will pay £250 one-way London to Venice, comparable with the first-class air fare. A regular first-class single rail sleeper would cost £129.80 .

The Simplon-Orient will pull into Venice two years behind schedule and at twice the original budgeted cost, following problems encountered with technical modifications to the carriages required by the European railways. The restoration—effectively complete reconstruction—of the Pullman cars was done by the workshops of Steamtown railway museum at Carnforth in Morecambe Bay. The result is a beautiful, comfortable and meticulously-finished array of polished brass and oak, marquetry work and Savoy-style chintzes.

The carriages themselves have had distinguished careers: Phoenix was at various times the favourite of the Queen Mother and the private carriage of General de Gaulle, before retiring to be station restaurant at Lyon. Perseus and Cygnus, first-clas parlour carriages saw service at the Festival of Britain and in the Golden Arrow before rolling off to the North York Moors.

Low-cost air travel forced the old Orient Express off the rails in May 1977. Sherwood reckons his luxury service can fill its 1,100 berths-per-week to at least the 70 per cent occupancy rate necessary to make the venture pay for itself in four years. Tourists in summer, goes the theory, businessmen in winter—Orient Express? That will do nicely, sir—particularly for the Milan conference season. And while, if you get to Venice, you don't have to stay at the Cipriani, the promotional material suggests that you will receive every encouragement to do so.

At a stroke

Politicians accustomed to taking themselves at their own valuation may be in for a surprise this weekend, when they are to be auctioned off in aid of Women Caring Trust, a Northern Ireland charity.

Six peers of the realm and six honourable members of the House of Commons will go to the highest bidder. It sounds rather a good idea: they could spend most of the week on the mantelpiece, and then be sent through the lobby at will should a vote come up of particular interest to the buyer.

Unfortunately, buyers will not be able to hang on to their bargains. The auction is the prelude to a swimming match between the two teams, and the "buyer" of the winning swimmer will be able to keep 20 per cent of the auction total, with lesser percentages going to second and third places. I am assured that bidders will be egged on by much "muscle-flexing" prior to the swim.

The Commons team will be chosen from a short-list of seven, including sport minister Neil Macfarlane, Nicholas Scott and Christopher Brocklebank-Fowler. Can Scott and Brocklebank-Fowler really be hoping to get even wetter?

In a flap

It would have been a hugely satisfied Post Office official who put a green rubber stamped "3p to pay" on a letter addressed to a colleague here at Bracken House had that official only known what was inside the offending envelope.

Lo—what should it be, but a letter from the Mail Users' Association denouncing the shortcomings of the postal service and calling for "lean and efficient administration."

Hot spot

Western companies operating in Nigeria are likely to have felt nothing but relief as one of the most potent symbols of the country's free enterprise spirit went up in flames this week. The grandly titled New Alaba International Market—more popularly known as Thieves Market—provided the sort of cut-throat competition that few bona fide companies could long survive.

Smugglers from all over the country poured a constant supply of millions of pounds worth of electrical goods, from stereos to refrigerators, into the market's plastic and metal-roofed warren of stores.

The dirt trail to the market, a few miles outside Lagos, was usually filled with a continual procession of cars and vans as customers bounced and bumped their way to and from the Aladdin's cave.

"It's their mania for economy—now they want more Metros to the gallon of tea!"

Though electrical goods were its main merchandise, it was said that you could buy anything at Alaba—and buy it cheaper than anywhere else. One visitor reported seeing a DC-10 engine awaiting a shopper with a large bag while another salesman offered the finest collection of lenses for micro-photography available in the country.

Nothing profitable disappears for long in Nigeria, and it is a safe bet that the burned-out Alaba will soon be back in business.

Price sensitive

A colleague living in a country village reports an unfortunate advertising campaign on the part of the local grocery shop. "Shop at the store which is nearest" proclaimed a poster outside. To which an unknown hand added the words ". . . and dearest."

Observer

FINANCIAL TIMES SURVEY
Wednesday November 11 1981

ITALY BANKING, FINANCE AND INVESTMENT

Italy's financial community is embroiled in an economic crisis which leaves it little time to reflect on wider issues. But even so, there are many in the banking world who realise the need for the system to be modernised in order to cope with the challenges posed by social developments which are placing increasing strain on the traditional structure of the industry

Need to overhaul system accepted

By James Buxton

THE ITALIAN banking and financial system is under severe pressure. A Government relying almost entirely on monetary and credit measures to control inflation, runing at 20 per cent, is enforcing a squeeze that leaves little money for borrowers, who must pay up to 27 per cent interest for what there is.

Its own voracious need for funds—its public sector deficit will be more than L45,000bn ($37.5bn) this year—is depriving the private sector of funds. Yet even so, it appears unable to meet the financial needs of some state organisations, whose creditors must turn to the banks for support. The banks, however, have lost deposits as investors invest directly in Government stock.

The stock exchange, which up to a few months ago had been a bright spot, establishing itself as a place where private industry could raise funds, is in the doldrums after the crash of the summer and waiting anxiously for the Government to do something about it. A current account balance of payments deficit of L11,000bn ($8.3bn) is necessitating heavy borrowing abroad, but the disorderly Italian approach to the Euromarkets has caused resistance.

Yet the seriousness of the problems is spurring some attempts to solve them. The banking system is beginning to accept that it must change, first in order to attract more deposits, more broadly to remedy its present poor service to the customer. Sig Nino Andreatta, the Treasury Minister, has attempted to set the management of the minor banks and the control of the Stock Exchange on a sounder footing by intelligent new appointments.

Government, employers and unions all broadly agree that something should be done to reduce the effect of wage indexation, whose pernicious fruits Italy is now reaping. So far, however, there has been little agreement on what should actually be done and when. As so often in Italy, change is endlessly discussed and foreshadowed but never quite seems to arrive.

The problems of the financial system reflect the economic state of the country. Italy was the last industrial country to slow down in growth rate after the 1979 oil price shock, so that it still achieved a four per cent growth last year. The delay in applying the brakes left Italy with a very high balance of payments deficit and a high inflation rate. This year it has been feeling the pain of the arrival of the recession (zero growth is forecast), aggravated by uncertainty as to when the U.S. economy will revive and the alarming effects on oil import costs of the rise of the dollar.

The economic situation became critical in the first few months of this year: the first quarter saw a L4,000bn ($3.3bn) current account payments deficit double that of the previous quarter. The Bank of Italy was left with no alternative but to tighten the credit controls still further and, in March, lower the central parity of the Lira in the European Monetary System by six per cent. It had to do so, Dr Carlo Ciampi, Governor of the Bank of Italy, pointed out in a recent speech because the Government was taking no fiscal or budgetary measures to help, and its spending was accelerating.

At the end of May, just after the fall of the Government of Sig Arnaldo Forlani, an import deposit scheme was imposed implemented for four mouths. It was designed partly to arrest the growing balance of payments deficit and partly to reduce further domestic liquidity. It has had some effect, and with the grudging aceptance of the EEC has been extended a further five months to the end of next February. Whereas the accumulated current account deficit for the first five months of the year reached L7.500bn, the following four months produced a surplus of L3.000bn.

While the rise of the dollar has made oil imports cost 36 per cent more in the first eight months of this year, an encouraging sign is that last year's small deficit on the non-oil account has been turned into a respectable surplus of L3,700bn this year, thanks to some increases in Italy's competitiveness abroad and its better performance in the dollar-denominated markets of North America and the Opec states. Even so, a trade deficit of L21,000bn is expected for this year (compared with L19,000bn last year).

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Sig Giovanni Spadolini, who came to power at the end of June, has brought a more determined approach to the economy but after four months cannot yet point to any concrete achievements. The Prime Minister's main efforts have been devoted to trying to cut the rate of inflation and the cost of labour. With the Scala Mobile indexation system translating every price increase into wage increases of almost the same magnitude, he has concentrated on trying to talk down inflation and achieve an agreement with the unions to reduce the triggering of the Scala Mobile or achieve more modest wage settlements to bring inflation next year below 16 per cent (compared with 20 per cent this year) and get it down to 10 per cent (the current European average) by the end of 1984.

Yet the policy of restraining inflation by postponing official tariff increases, which was aided by the usual summer decline in the rate of price rises, appears to have had its day without making a sustained dent in price rises (the inflation rate appears to have picked up again after the summer lull) and without the talks involving Government, employers and unions producing any concrete result. Now the Government has at last allowed petrol prices to rise, the unions have put off further talks until later this month and, as the coalition partners openly discuss what Government should succeed the four-month-old administration of Sig Spadolini, the Prime Minister has resorted to eloquent appeals to the public over the politicians' heads. Now he must steer through Parliament "cuts" that have brought next year's proposed budget deficit down to L50,000bn (of the same order as that of the U.S.).

The March 1981 crisis that saw the devaluation of the lira also took the Bank of Italy's discount rate to 19 per cent, where it has remained. The banks raised their base lending rate to 22.5 per cent, so the majority of borrowers are now paying 25 per cent or more for their money.

But the banks did not put up their official deposit rate, which remains at 11.5 per cent. Bigger depositors can negotiate much higher interest rates on their funds but the resulting auctions are obscure and do not benefit either the banks or the majority of their customers. The absence of a transparent policy on deposit interest is one reason why bank deposits have grown more slowly than inflation: they grew only 13 per cent in 1980 and will increase by only nine per cent this year.

The other reason is that the larger depositors are putting their funds directly into three-month Treasury bills, which carry a higher interest rate and are free of tax. Previously the banks normally on-lent their clients' funds to the banks; now, increasingly, they are suffering what is termed disintermediation.

At first the ceilings on lending meant that the banks did not mind losing funds that they would not have been able to lend anyway. But the drop has intensified and the banks fear that the trend will persist even when the lending ceilings are lifted. So they are reappraising their operations. A first step is likely to be a clearer policy towards deposit accounts. They are also providing more services for their customers in fields which amount to medium-term lending and which are subject to less official control—leasing, factoring and other operations. Charges in the whole cumbersome and inefficient system, the burden of which falls on the customer, are also being pondered.

But there seems little chance of drastic change, for the Bank of Italy has little wish to relax the tight web of controls which place extraordinary administrative and legal burdens on bank-staff—or to see much rationalisation of a banking structure with 1,070 separate banks. The arrival, however, over the next few years of electronic communications between banks rather than within individual bank networks will inevitably change the system, and remove some of the worst inconveniences to the customer.

The irony is that even though the banks have lost deposits to the Government, the fact that the Government is still unable to finance all its commitments means that the banks have had to assume responsibility. The more spectacular recent cases include support for the state steel concern, Italsider, for Enel, the electricity concern, and for Enel's suppliers, many of whom have not been paid since July.

Indebtedness to the banks is a major feature of every Italian company's balance sheet, but in the past two years this indebtedness has decreased, at least in nominal terms, as a great surge in the stock exchange enabled companies, for the first time in years, to raise new capital. But the rising and confident market that permitted that ended in a crash in the summer and since then the stock exchange has been a sad place, clinging for salvation to hopes that the Government would introduce investment trusts and other concessions to investors. That now seems probable but the Bourse's loss of confidence may be more difficult to overcome.

Last year Italian corporate borrowers raised $6.37bn on the Euromarkets, more than any other country except Venezuela, and in the first nine months of this year had already raised $4.34bn. The Italian state concerns are borrowing to help finance the country's balance of payments deficit, and according to Dr Ciampi Italy now has net indebtedness of $8bn, when set against its reserves, (excluding its gold reserves).

Bankers would like to see the scale of Italian borrowing reduced (as would Dr Ciampi) but above all they would like Italian state borrowers to coordinate their requests for large sums of money and to negotiate in a more orderly way. Dr Ciampi said recently that a clearing system had been instituted to make Italy's presence on the Euromarkets more organised. But until bankers are convinced that the new system is working they will still be cautious in dealing with large Italian loan requests.

ITALIAN BANKING II

Italy has one of the most complex banking systems in Europe, with over 1,000 institutions ranging from the big national networks to small local banks scattered throughout the country — all under the aegis of the central bank, the Bank of Italy. It is a time-honoured structure which is under increasing pressure on many sides to adapt itself to modern requirements.

Mounting array of challenges to established ways

Structure

MARY VENTURINI

ITALY'S BANKING system resembles a pyramid in structure. At the bottom are some 300 rural, co-operative and savings banks. These are locally based and often very small, although there are exceptions such as the Cassa di Risparmio delle Provincie Lombarde and the *Banca Popolare di Novara* which count among the country's top ten credit institutions. *These are the mainstay of the* small saver and industrialist. In the next tier are over 100 privately owned banks.

In the state sector there are 31 ordinary banks, controlled either by the Treasury or the state industrial conglomerate, Iri. The most important of these are the Banca Commerciale, the Credito Italiano, the Banco di Roma and the Banco di Santo Spirito, all under Iri, and then the Banca Nazionale del Lavoro, the Banco di Napoli, the Banco di Sardegna and the Banco di Sicilia under *Treasury control*.

Then there are state special medium and long-term credit institutions and a growing number of foreign banks. At the top the Bank of Italy (the central bank) exercises tight control over the whole system, dictating not only lending levels, reserve requirements and Treasury bill holdings but also *the location and control of new* branches.

It is a complex set-up but the policy is to keep it that way. It may be slow and bureaucratic but in the end it offers something to everyone, from the Treasury down to the *agricultural smallholder*.

The banks are still the centre of Italy's financial system. The *failure to encourage more* modern forms of either saving or borrowing—for example, the stock market, investment and insurance funds, building societies, credit houses—along the lines of other Western industrialised countries means that the banks have remained the main *intermediaries* between the savers and the spenders.

The air of complacency and power, which has tended to *characterise the system is*, however, on the decline. Deposits are falling in real terms. Many *of the banks are undercapi*talised. Some of the credit institutions have suffered heavy losses in recent years as a result of politically motivated and mistaken loans to ill-advised industrial schemes. Pressure from the foreign banks with better and more sophisticated services is growing. Finally a series of scandals—Michele Sin*dona*, Roberto Calvi, Italcasse, to name the most obvious—have all helped to tarnish the *image and create suspicion in* the public's mind.

A number of financial, administrative and legal changes *which will radically change the face* of banking over the next decade are now in motion.

Retail banking for a start will *look very different*, offering a *much wider range of automated* and specialised consultancy services. State-controlled banks are now looking tothe private investor for new capital and bankers in the state and private sectors are about to be granted *thesame* legal status. Those working in the state sector have been liable to criminal prosecution for committing certain offences while those in the private sector have not. Appointments to top management posts are now made less *according to political alegiance* and more according to professional capability.

One of the most pressing problems throughout the state banking sector is undercapitalisation. It is now accepted policy that as long as the state *retains a 51 per cent iterest* the remaining capital can be raised in the private sector. This "privatisation" presents few legal problems for the national interest banks (Banca Commerciale, Banco di Roma, Credito Italiano) which are already quoted on the Milan Stock Exchange. They have, however, been unfortunate in that the decision to float new share capital came at a time when *shares prices fell sharply*.

TOP TEN BANKS 1980 (L=bn)	Deposits	Net profit
Banca Nazionale del Lavoro	29,405	34.8
Banca Commerciale Italiana	27,544	22.7
Credito Italiano	23,246	15.3
Banco di Roma	20,913	14.4
Cariplo	20,363	24.2
Istituto Bancario San Paolo di Torino	15,600	20.3
Banco di Napoli	14,921	4.5
Monte dei Paschi di Siena	14,455	14.2
Banco di Sicilia	11,840	4.4
Banca Nazionale dell'Agricoltura	11,712	24.3

The Banca Nazionale del Lavoro is faced with a more difficult situation. The BNL, which is Italy's largest bank and *85 per cent owned by the* Treasury, will first have to get approval for complicated changes in *its legal structure* before being able to offer shares to the private investor.

At present it has a corporate status under which "*Quoteas*" are held by some 50 participants. It would, however, require Parliamentary consent to turn the BNL into a normal shareholding company. The other and possibly quicker alternative would be to transform the bank into a holding *company, with shares in subsi*diaries on offer to the public. Other Treasury-controlled banks such asthe Banco di Sardegna and the Banco di Sicilia face even greater difficulties as they are foundations without any capital structure at all.

*No less vital to the modernisa*tion of the banks is the search for ways to keep old clients, attract new ones and fight off foreign competition. The recent fall in bank deposits is not an immediate worry as the strict ceilings imposed on lend*ing levels by the Bank of Italy* has created an excess of liquidity, most of which is being diverted into high-interest Treasury bonds. But it is a clear indication that the ordinary saver is no longer happy with the low interest rates and inefficient service he is gett[ing] from the banks. Treas[ury] bonds and *even the uncert[ain]ties of the stock exchange* [are] more attractive than b[ank] deposits to many of the ba[nks'] clients.

It is not only the small fa[mily] saver that the banks are try[ing] to keep within the system. T[hey] are also searching *for new w[ays] to attract industrial clients* [and] at the same time employ [their] excess liquidity. The growt[h of] leasing and factoring compa[nies] owned by the banks is one [re]sult. New consultancy serv[ices] arealso being developed to [ad]vise customers on accounta[ncy,] taxation, export and for[eign] exchange regulation — one [of] the Italian banking worlds [most] complex and sometimes [dan]gerous areas.

The increasing influx of [for]eign banks in recent years [has] been more of a stimulus [than] a threat to Italian banks [and] has shaken many It[alian] bankers out of their tradi[tional] patterns of behaviour. Co[mpe]tition for qualified and sp[ecia]lised personnel is, however, [get]ting fiercer thanks to the good terms and the [more] modern approach offered [by] many foreign banks. The[re is] no shortageof applicants [for] jobs in banking, one of [the] best paid professions, but [there] is a serious lack of pe[ople] qualified enough to give the [sort] of advice and services the banks are now hoping to [offer] their clients.

Vital role in rural economy

Local banks

MARY VENTURINI

ALMOST EVERY small town in Italy has its branch of either *a cassa di disparmio, cassa rurale* or *banca popolare*. These local savings and cooperative banks are *vital* for the small man, the saver, shopowner, industrialist and farmer. They are the centre of economic and often political life in rural Italy, an Italy which the big names in the banking world —like the Banca Nazionale del Lavoro, the Banca Commerciale, the Banco di Santo Spirito—ofter prefer to pass by.

At a time of rising overheads and administrative costs a small local branch with only a couple of hundred accounts is increasingly expensive to maintain. But *it is not just for social reasons* that the Bank of Italy insists that seemingly out-of-the-way regions *should* be serviced by some form of credit institution. These local banks, 900 in all with 7,000 branches, collect about 40 per cent of all bank deposits in Italy, most of which are ploughed back into the local economy, *public works and* services.

The *casse di disparmio*, or *savings banks, are the* backbone of this network. There are 89 of them with some 4,000 branches throughout Italy. Unlike the *casse rurali*, which have been on the decline since their heyday in the 1920s, the savings banks are going through an important period of modernisation covering all aspects of the system—*management, training, customer* services and automation.

In the last year about 65 per cent of the top management positions have been changed. Some of these had been vacant for years thanks to infighting between the national political *parties over suitable candidates*. Appointments, which come under the control of the Treasury, were traditionally made according to political rather than managerial criteria.

Then pressure from the Socialist and Communist Parties *throughout the 1970s*, combined with the arrival of young, professionally-minded men at the top of the Christian Democrat Party, brought about a measure of reform. Political loyalty alone is no longer a *sufficient qualification for a* chairman of a savings bank.

This long interregnum generated a certain sense of insecurity but may also have served to uncover a number of scandals involving the improper use *of funds. Now the new* appointments, together with changes due to the top of the savings institutions central bank, Italcasse, and its [represen]tative association, Associa[zione] *delle Casse di Risp[armio]* Italiane (ACRI), may [be the] beginning of a new [era for] the savings banks.

CONTINUED ON NEXT PAGE

ITALIAN BANKING III

Firm-handed guardian sets fresh guidelines

Bank of Italy

RUPERT CORNWELL

ITRAL BANKS are a little superlankers—it takes a e before a change at the 1 becomes apparent in a ige of course. So it has been ie Bank of Italy, guarantor ie country's financial reputa- and overseer of its banking em, since the arrival of Dr o Ciampi in the Governor's r in the autumn of 1979.

iat Dr Ciampi would feel his cautiously before putting own stamp on the affairs of central bank was anything surprising. Six months be- his nomination the institu- had been shaken to its idations by the so-called ink of Italy affair," a sort of ncial terrorist attack aimed ie lynch-pin of the country's king system.

he previous Governor, Paolo i, and Dr Mario Sarcinelli, a uty Director General, were rged with having been party rregular loans to the now krupt SIR (Societa Italiana ine) chemicals group. Dr inell ended up in prison for rtnight and Dr Baffi would e done so too but for his anced age, both on entirely nped up accusations of ly political inspiration. Both e subsequently absolved, but shockwaves created by the sode took some time to side.

iut as the affair, like every er sensational Italian event, omes a distant memory so new Governor has gradually erged into the public gaze. th this has come the realisa- 1 that the quiet-mannered 61- ir-old Livornese has brought a v approach to the manage- nt of the central bank.

A significant milestone came t July with the publication of central bank's guidelines for rations by commercial banks urbing their capacity to par- ipate in non-banking areas i establishing much tighter es on their international ivities.

This latter step was particularly necessary at a time when Italian banks have been launching out to a large extent overseas. The aim of the new regulations is not to curb that international expansion, regarded as essential if the modernisation of the national banking system is to be seen through, but to prevent the proliferation of concealed offshore subsidiaries which have been used with impunity to circumvent domestic regulations and more than once have been prominent in unsavoury scandals involving Italian banks. Within this tighter framework, it is argued, the promotiton of greater competition at home can be more safely and more easily achieved.

Within the commercial banking community, the guidelines have met with some resistance but the reaction has been favourable by and large. What worries leading bankers is the risk of excessive paperwork. "It's not happened yet and I hope it doesn't," says one top banker, "but it could lead to excessive bureaucracy. What we must have is a Bank of Italy that reacts as swiftly and efficiently on domestic issues as it does on the international side."

That latter quality is as great today as ever. As always, the Bank of Italy, entrenched within the solid late 19th-century building close to the Quirinal Palace, seat of the President of the Republic, is the prime guardian of the country's financial and economic reputation in the world. Treasury Ministers may come and go — and foreigners have come to be cautious of the political pressures that may play upon them —but the Bank of Italy is still universally trusted as the seat of the most expert and impartial economic management the country has to offer.

The function has been thrust upon it in part by default. Like Treasury Ministers, governments in Italy come and go. Dr Ciampi has been in office slightly over two years but is already dealing with his fourth Administration and could well witness general elections some time next year. The political turnover, the failure to plan ahead, has meant that the central bank and monetary policy have become vital—and sometimes, it seems, the only—instruments for guiding the economy. The system is imperfect but until Italy finds a way of providing itself with more stable government it is the best there is likely to be.

The authority of the central bank has been enhanced by the officials. This century there have been only seven governors, including Dr Ciampi, and the institution remains one of the few that has stayed free of pollution by the politicians. Indeed it could be argued that had it been more obliging to those in power the "Bank of Italy affair" would never have happened.

Many of the bank's 7,000 employees spend their entire career there and the result is a notable *esprit de corps* and the instilled feeling of service to the state — not the most common of sensations in contemporary Italy. At the top today, by common consent, a good balance has been struck.

If Dr Ciampi has been devoting a great deal of his attention to domestic problems, Dr Lamberto Dini, the Director General (in effect deputy governor), has been continuing the banks tradition of providing top officials in the international monetary sphere. Before his recall to Rome in September 1979 Dr Dini had spent two decades at the International Monetary Fund in Washington, stint as Italy's representative on the Fund's executive board.

Last May he was appointed chairman of the deputies of the "Group of Ten," the key monetary policy steering group of top officials of the Western industrialised countries. In taking on the job he was following the distinguished footsteps of Dr. Rinaldo Ossola, again a former Director General of the central bank who held the Group of Ten post for a long period in the 1960s and 1970s.

Dr Carlo Ciampi, Governor of the Bank of Italy

The choice of Dr Dini is another sign that things are gradually returning to normal at the Bank of Italy after the trauma of 1979. There is no guarantee that such an episode will not occur again; the infighting as the politicians jockey for position is as rough as ever and there is no telling which innocent bystanders might get dragged into the fray. Again, the exteremly tight control given by Italian law to the central bank over the operations of the domestic banking system could rub on certain nerves.

But such conditions are made necessary by the environment in which the bank operates. In the politicised world of Italian banking the nods-and winks method of the Bank of England would not suffice. In Italy a respected central-authority with real clout is essential if the system is to function at all—and that role has been fulfilled by the Bank of Italy.

The Bank of Italy building in Rome

Local banks

CONTINUED FROM PREVIOUS PAGE

One of the main problems to be solved is the undercapitalisation of many of the institutions. This is something common to the whole Italian banking system and many of the state-controlled and private banks are trying to raise more capital on the open market. The savings banks' statutes do not allow for this, so new funds will have to come from profits or a complicated system of bond issues.

Another difficulty the savings banks have to resolve relates to their image. There is little in common, for example, between the vast Cassa di Risparmio delle Provincie Lombarde, with its several hundred branches, and the numerous one or two branch savings banks scattered throughout central and southern Italy.

Insufficient professional training is also an obstacle to modernisation. The savings banks cannot hope to offer the sort of customer services now being developed by the large ordinary banks unless they break through the slow conservatism of the local branch employee who has little experience of export procedures and exchange controls and who is only just beginning to understand the complexities of the tax return system.

There is probably still a need for the old-fashioned touch in the small branches where the bank manager probably knows all his account holders' difficulties. A great deal of business outside the urban centres continues to be based on personal contacts.

The real problem therefore facing the savings banks is how to preserve this local flavour together with the present autonomy enjoyed by the branch manager within a modern nationally based network. Can the immediate credit needs of the local shopkeeper or farmer still be satisfied as efficiently within a system which is now providing fund transfer facilities not only between branches but between savings banks, leasing and factoring services, automated interbank (not just interbranch) cash points, consortium-backed loans and advice on international financing?

All these relatively new services are now thought to be essential if the savings banks are not to lose out to the large Italian ordinary credit institutions and foreign banks. The latter, which are becoming more and more numerous in Italy, are competing fiercely for the custom of medium and small companies, traditionally the bread and butter of the savings banks and the *banche popolari*.

While the savings banks fully realise the necessity of the local dimension it is increasingly difficult for them to survive on this alone. They are therefore likely to exert increasing pressure on the central banking authorities for permission to open more branches in the important urban areas.

Savings banks are also having to find ways in which they can lessen the strains placed on them by servicing local authority finances. In the days when regional, provincial and city governments had money to pay for their health centres, nursery schools and rubbish collection, the control of local finances gave the savings banks considerable political pull. Now the coffers are bare and the role of the savings banks has been reduced to financing the local authorities' current account spending requirements with little hope of the loans ever being fully recouped.

APOSTLES OF CHANGE

Even among Italy's more conservative bankers there is grudging acceptance that the system must change to meet today's challenges. At the same time there are many leading voices pressing for speedier action. Four of this activist group are profiled here.

DR NERIO NESI: BANCA NAZIONALE DEL LAVORO

Keen supporter of modernisation

DR NERIO NESI is chairman of Banca Nazionale del Lavoro (BNL), Italy's biggest bank in terms of deposits, but his importance goes well beyond that. Relatively outspoken as well as determined and energetic, he is not afraid to expose the weaknesses of the Italian banking system and is keen to nudge it along the road to modernisation.

He believes that the system has reached "the moment of truth" at which it must change. Shunned by depositors, hated by borrowers for its swingeing interest rates and disliked by the Government for its understandable reluctance to rescue victims of the sloth or folly of politicians, it must adapt.

Dr Nesi draws support from the "product life cycle" theory of marketing, in which a product goes through four phases — introduction, expansion, maturity and decline. The product the Italian banking system offers is at the third stage, and that means that the fourth cannot be far behind.

To avoid decline the banks must offer a product that meets the need of Italian industry and the private customer, both currently exasperated by their inefficiency and inflexibility. They must also work out a *modus vivendi* with their biggest current problem—the fact that deposits are not keeping pace with the rate of inflation.

As a start Dr Nesi thinks the banks must make a more serious effort to attract deposits. Currently they offer what he calls a "Bourbonic and Levantine" system of paying a very low basic rate on deposits (some 11.5 per cent below the base lending rate) but give special terms agreed on a bazaar basis to depositors who have large sums to offer.

Dr Nesi urges the banks to adopt a "transparent" system whereby they advertise what interest rate they will pay on what size of deposit over what period. He also thinks banks—perhaps starting with BNL itself—should stop paying interest on current accounts so as to differentiate between current and deposit accounts and perhaps thereby make bank customers use cheques for more transactions.

The banks should also develop new financial instruments similar to certificates of deposit to lessen the effect of the disintermediation that is taking place in Italy—the process by which people invest directly in government stock instead of depositing their funds in the bank, which then lends them to the state.

Dr Nesi thinks the most important thing the banks can do to stave off decline is to concentrate heavily on activities related to banking—such as leasing and factoring—where there is room for expansion (and where there happen to be fewer controls on credit).

He also thinks Italian banks must become more active in operations abroad; they have been slow to grasp their share of international business. The more the Italian banks have to compete internationally the more efficient they will have to become. That process is also happening in Italy itself, thanks to the growth of foreign banks and Dr Nesi has made himself unpopular with his banker colleagues for welcoming them. BNL's strategy is to expand in the two fields Dr Nesi considers essential for the whole banking system.

Now 56, Dr Nesi is more of an all-round financier than purely a banker. He was born and educated in Bologna and worked first for the administration of Rai, Italy's state broadcasting service. Then, from 1958 to 1975, he worked for Olivetti, the business machine company, as deputy director of finance.

At Ivrea, the Olivetti company town in Piedmont, he looked after the company's operations on the stock exchange, introduced "privileged" non-voting shares to Italy and set up a Luxembourg-based holding company for the group's international operations. He remains a consultant to Olivetti and, significantly, is chairman of its factoring subsidiary, Olivetti Finfactoring.

He became increasingly involved in banking and para-banking from the mid-1970s onwards, and joined BNL as chairman in December 1978. Like the top jobs in all the state-controlled banks the appointment is made by the Treasury Minister and the amount of influence within a bank that the chairmanship confers depends partly on the force of personality of its holder. For Dr Nesi, combining a strong personality with charm, his eyes sparkling under black bristling eyebrows, that does not appear to be a problem. But if there are limits to how far any chairman can change a single big bank, there are far greater restrictions to the effect a single banker can have on an enormously diverse and fragmented system.

Even so, if the banks do, as seems possible, change a the lines Dr Nesi would lik see it will be in some part to his public urgings in ferences, newspaper arti learned journals and mee of the Italian Bankers ciation. He warns banking become more difficult and that bankers will have broaden their horizons implies that this will be bad thing.

Dr Nerio Nesi

James Bux

DR RINALDO OSSOLA: BANCO DI NAPOLI

Technocrat tussles with problems of the South

DR RINALDO OSSOLA, one of the most respected names in Italian and indeed international banking, is facing the greatest challenge of his distinguished career — how to breathe new life and efficiency into the Banco di Napoli. His appointment to the presidency of the bank in April 1978 was a source of both hope and uncertainty.

Horizons

The hope was that the personal prestige and proven ability of the 68-year-old Dr Ossola would open up new horizons for the somnolent bank, especially in the international field, and enable internal rationalisation to be pushed through. The uncertainty was—and still is—whether a wise and kindly man whose background was technocratic, drawn above all from a long career at the Bank of Italy, would be able to cope with the more or less subtle political pressures endemic in the Italian commercial banking system—and nowhere more so than in the Banco di Napoli, founded in 1539, and a vital cog in the clientelistic economy of Southern Italy, dominated by the long-ruling Christian Democrat Party. The answer to either question is not yet clear.

To the task the new president brought almost unrivalled experience. At the Bank of Italy he had risen to the post of director general, in practice deputy governor. Abroad he had become a celebrity of the international monetary community as chairman of the deputies of the "Group of Ten" industrialised countries and one of the recognised "fathers" of the Special Drawing Rights (SDRs), the new international reserve asset devised at the beginning of the 1970s. Subsequently, for more than two years he was a conspicuously successful Minister of Foreign Trade until his unceremonious ejection from the pre-electoral Cabinet formed by Sig Giulio Andreotti, the then Prime Minister, in March 1979.

To some extent the fortunes of the Banco di Napoli have improved under Dr Ossola. The financial difficulties of the past (in 1977 it lost L11.5bn because of high personnel costs and changes in the financial regulations concerning local authorities, with which the bank is statutorily linked) are over. Last year its gross earnings rose over 80 per cent to L241bn ($197m), and even after substantial provisions for risk and other factors its net profit jumped by more than a quarter to L4.5bn.

Dr Rinaldo Ossola

But whether progress has been made on other fronts—the need to trim personnel, rationalise the branch office structure and push the bank into the more lucrative markets of Northern Italy—is less than clear. To complicate matters, as Dr Ossola admitted in a recent interview, the bank is obliged to offer services in depressed Naples and Southern Italy that would not be justified by purely economic criteria. Its key role in the Mezzogiorno has only been enhanced by the huge reconstruction effort made necessary after the earthquake of November 1980.

Insistent

But these tasks have been made no easier by political factors. For the best part of a year there has been a running feud over the choice of a new managing director for the Banco di Napoli. Dr Ossola has held out for a pure technocrat, the Treasury Minister, Sig Nino Andreatta, was insistent on a choice favoured by local Christian Democrat potentates. At one stage Dr Ossola threatened publicly to resign. The matter is still unresolved, and symbolises the special problems linked with the bank.

Rupert Cornwell

ITALIAN BANKING V

ROFESSOR GUIDO ROSSI: CONSOB

Stock exchange watchdog the centre of controversy

ROFESSOR GUIDO ROSSI as shot in a few months om being a law professor, istinguished but not widely nown outside his field, to eing an important and conoversial figure on the alian financial scene.

It all dates from his ppointment last February y the Forlani Government the chairmanship of the onsob—Italy's equivalent of e U.S. Securities and xchange Commission—hich until then had lanuished in virtual inactivity. Vithin a few months Profesr Rossi was having to reside over something pproaching a stock exchange rash, to devise emergency easures to protect investors nd calm the market, and aking himself thoroughly npopular with the market perators in the process.

Since then he has politely ut firmly criticised the overnment for not fulfilling romises, for showing a lack f commitment to the Bourse nd for producing ambiguous nd contradictory draft gislation on stock exchange natters.

Professor Rossi came to he Bourse determined to lean up the list of shares uoted (by removing what he alls dead wood and bringing n new companies); to reduce xcessive speculation; to end ishonest practices and nsider trading; to promote etter disclosure of information; and by means of laws nd regulations to bring the ourse up to a standard of rder and fairness comparble with those of London's tock Exchange.

It is a programme that he nvisages taking at least hree years. But quite soon fter his appointment came is baptism of fire with the une-July crisis of the narket. The judgment of ourse operators on Professor lossi's actions is severe and e is blamed for much of the ack of confidence in the tock exchange today. Sig iorgio Aloisio de Gaspari, hairman of the stock xchange, says that a 30 per ent fall after what he called e unhealthy rise of the arket in the first five nonths of the year would have been normal. But the collapse of activity along with prices was abnormal and was due to the "violent and traumatic external intervention of the Consob"—in particular its order that settlement be made in cash instead of at the end of the monthly account.

Professor Guido Rossi

Professor Rossi's provision on preliminary deposits was right in itself, but taken at the wrong moment, when the market was out of balance, Sig de Caspari claims. But the ordering of cash settlements was "the real disaster." Technically it was not possible for traders to produce certificates in the time stipulated, he says, and trading dried up. "People want an investment they can trade in; they lost their trust in the market."

Professor Rossi strongly disagrees. The provision was necessary to stop people selling short, he says. To a large extent the drop in turnover was a necessary result. But it was not technically impossible for the market to operate on a cash settlement basis, he says, and he believes brokers simply used that as an excuse to avoid complying with what the Consob had decreed. He agrees that the market now lacks confidence but blames that largely on the Government.

He expresses considerable contempt for the wilder aspects of gambling on the stock exchange and for the cliques of men who dominate it. "I accept that speculation is necessary for a stock exchange but not speculation at last summer's crazy levels. It just becomes a game. If a stockbroker wants to be a croupier, let him change his profession."

Many of Italy's leading administrators are professors (the Prime Minister, Sig Giovanni Spadolini is among them) and they are held in greater respect than their equivalent in Britain, for example. Prof Rossi, 50 and born in Milan, is certainly an academic to his fingertips. He holds chairs of commercial or bankruptcy law at four unisities and speaks and writes a rich but complicated Italian which allows him to be outspoken in an inoffensive way. It is a far cry from the blunt vocabulary of many of the men with whom he must deal, the brokers of Minan.

His approach to the stock exchange is essentially that of an intellectual attempting to decide in conditions of total detachment what is best for it.

For the moment the Consob and the stock exchange authorities are broadly in agreement on what needs to be done. Even though the result would mean the sweeping away of long-standing, cosy practices. Professor Rossi is more concerned that the Government does not really desire to push through legislation to protect the investor. Without such legislation, he says, "the Consob will be just a beautiful cathedral in a desert"—an institution without the power to implement what needs to be done.

So far, however, he says his personal relations with the Government are good and he feels that it has supported him so far. "I am optimistic," he says.

James Buxton

ROFESSOR LUIGI COCCIOLI: ISTITUTO BANCARIO AN PAOLO DI TORINO

Convinced of need for radically different approach to business

ME ITALIAN bankers may concerned at the changes cibly occurring in their traion-bound, conservative intry, but Luigi Coccioli is not of them. The president of tuto Bancario San Paolo di ino—Italy's sixth largest nmercial bank as measured deposits—is a firm believer t the moment of truth for the lian banking community can put off no longer.

"In the past there's been this dency towards inertia, but rtia is no longer of any use anybody," says Professor ccioli. He is a lively figure, h very wide international erience which as an applied nomist he gained in more n 30 countries before he took r at San Paolo at the inning of 1979.

Since then much has changed Italian banks. In terms of world, rapid economic wth and the payments surs have given way in Italy stagnation and a huge exnal deficit. Within the industhe new climate is visible ve all in the continuing trend for the public to place their savings *not* in bank accounts but in Treasury bills and other higher yielding investments.

The development constitutes both a warning and an opportunity. Professor Coccioli (he holds an economics chair at Naples University), like most other senior bankers, is unsure of what will happen if the pattern continues. "But there's no need for desperation," he argues. "What we need most of all are new different products and this is going to call for a radically different approach by Italian banks."

What will be involved, he maintains, is a departure into fields at present hardly trodden by the Italian banks. If Treasury bills currently yield 18 or 20 per cent to the investor, 8 or 9 per cent more than the same saver could expect to receive on current or deposit account funds, then it is up to the banks to find other instruments to tempt him. These might include mutual funds, certificates of deposit of convertible bonds.

The banks must realise, in the words of Prof Coccioli, that "they are dealing not with savings but with spare liquidity. They will have to tailor the investment package to the individual client and sell more vigorously the services and products we have got." This will also require a much more highly specialised staff than now exists.

In fact, of the 500-odd services offered by a big Italian bank like San Paolo, often only 20 or 30 are used on a mass basis by customers. Sig Coccioli is not alone when he insists that the banks cannot now scape a major advertising effort to promote their wares, new or otherwise, among the general public.

Under Sig Coccioli the Turin bank, with overall deposits of L18,600bn ($15.2bn) at the end of 1980, has not dragged its heels, least of all in the international field. Alone of the Italian banks it has two full branches in Germany — at Frankfurt and Munich — as well as one in New York. It has gained a significant foothold in the booming West Coast U.S. market with the acquisition of the First Los Angeles Bank, the 33rd largest in California.

Significantly, international expansion places a premium not so much on absolute size but on perceived soundness of the bank — its ability to make available worthwhile resources to the new foreign branch, so that it can genuinely compete in its new environment, and the strength of its asset base. Here San Paolo is on strong ground.

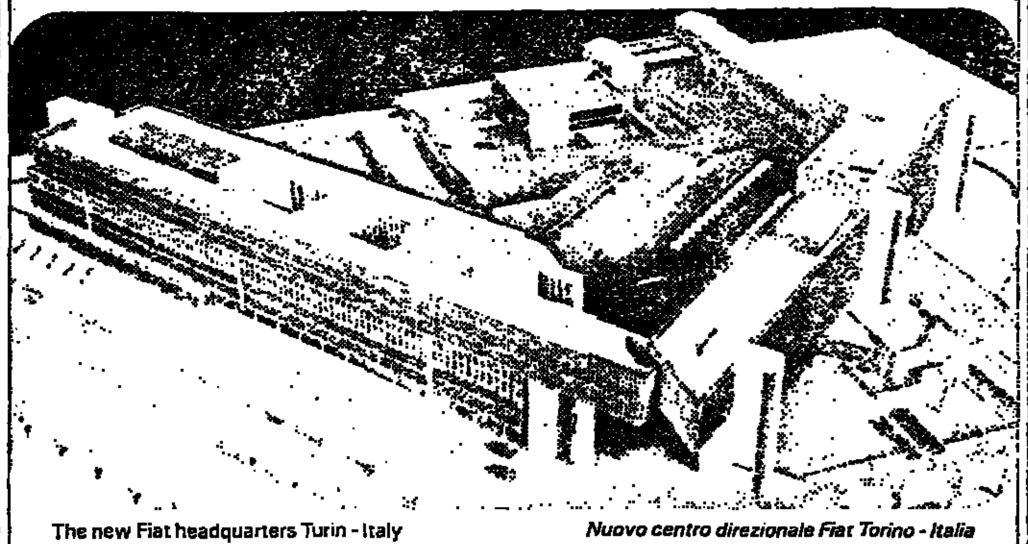
Last year the country's sixth largest bank in terms of deposits was top of the league in terms of gross profit (L286bn). In terms of own resources it is outstripped only by Banca Nazionale del Lavoro, the largest Italian bank, and IMI (Istituto Mobiliare Italiano), the leading medium-term credit institute.

For Prof Coccioli, foreign experience is essential if the Italian banks are to make the necessary adjustments at home in the face of increasing competition, not least from the growing army of foreign banks in Italy.

"West Germany," he says, "is a rich market but a very difficult one. Only if we face that sort of reality, tougher than what we're used to at home, will we flourish in the long run." But the moment is perhaps propitious. Abroad the banking mood is changing away from expansion at all costs to an emphasis on tighter controls, especially where lending to third countries is concerned.

As the San Paolo president points out, the Italian banks are no strangers to controls — the domestic banking system is among the most tightly supervised of any. "They need to open out a bit more, and that's what setting up abroad involves." But the changes cannot be generated entirely by the banks themselves, and both the Bank of Italy and the Government in Rome will have to play their part.

Rupert Cornwell



Europe's biggest borrower lacks wholehearted acceptance

ITALIAN BORROWING in the Eurocredit markets dropped slightly in the first nine months of this year, according to figures compiled by Morgan Guaranty Trust, but the country retained its position as Europe's largest single borrower.

The figures show Italian borrowers raised $4.34bn during the first three quarters compared with $4.64bn in the same

Euromarkets Borrowing

PETER MONTAGNON

period of 1980. The next heaviest borrower among the European countries was France with a total of $2.71bn.

But even if overall borrowings in the Eurocredit market have dropped, Italy still attracts attention in the Euromarkets because of the size of its requirements and the disorderly way in which the market is approached.

This was particularly true at the start of the year when the regional development agency Cassa per il Mezzorgiorno sought to float a $2bn credit to help finance reconstruction in the Naples region after the 1980 earthquake.

The credit was launched through Bankers Trust with a split margin of ⅝-¾ per cent over London Eurodollar rates or ½-⅝ per cent over U.S. prime. These terms were quickly rejected by the market and amid a welter of publicity the loan was halved to $1bn.

The earthquake loan as it came to be known stands out as one of the major flops in the Euromarket this year. Italy's insistence on fine terms, which arose largely out of its anxiety to be put on the same credit footing as other European industrialised countries, did considerable damage to its standing in the market and the affair left most Eurobankers convinced that margins on future borrowings were headed higher.

Since then margins have in fact edged upwards — now they stand roughly in a ⅝-⅞ per cent range over Libor on medium-term loans — but bankers still complain that Italy has not learnt the real lessons of the exercise.

Its borrowing requirements are too large and the approach to the market remains haphazard, they say. Moreover, Italian borrowers still seem to have a predilection for arranging credits through brokers and investment houses that do not actually put up money, although they do collect a fee income for organising the deal.

Understandably this upsets the large commercial banks, which say they are quite capable of organising such a deal themselves. The first efforts by Italy to arrange its loan for the Cassa centred around discussions with brokers and investment banks. Only later, after these discussions had faltered, did the borrower turn to Bankers Trust as sole mandated bank.

Yet only six months later a similar tactic was tried when Dillon Read was asked to arrange a $500m credit for the Italian state railways Ferrovie dello Stato.

Once again the banking community rejected the idea and after several weeks' effort Dillon Read returned the mandate to the borrower, which then tried to re-activate the credit through a group of Eurobanks led by National Westminster Bank and Fuji Bank.

These negotiations also failed because of the Ferrovie's inability to accept the terms deemed appropriate in the market place. The banks had asked Ferrovie to pay a split ½-⅝ per cent margin over Eurodollars or ⅜-½ per cent over U.S. prime.

The borrower held out for a margin of ⅜ per cent flat margin over prime rate throughout the credit's seven year life. Subsequently S. G. Warburg has revived the credit on a carefully structured basis designed to hit those parts of the market which are more liquid than others.

By the time of the Ferrovie affair bankers had become well and truly hardened to Italy's unruly approach to the market, but Italian officials themselves

Firemen spray disinfectant on the ruins of a village devastated in last year's earthquake in Southern Italy. The attempt by the regional agency, the Cassa per il Mezzogiorno, to raise a $2bn loan for reconstruction was one of the major flops in the Euromarkets

ITALIAN EXTERNAL DEBT
(Lbn*)

	Gross debt outstanding 1979	1980	Repayment schedule due in	
			1981	1,801
			1982	2,438
Private sector	7,970	11,522	1983	2,604
			1984	2,660
Public sector	6,174	10,414	1985	2,564
			1986	2,374
Debt of official institutions	951	1,059	1987	3,082
Total	15,095	22,995	Later years	5,272

* Figures based on end-year 1980 exchange rates except for 1979 which are on end-1979 rates.
Source: Bank of Italy

still seem perplexed and disappointed about what they regard as a market bias against Italy.

They are inclined to explain this by suggesting that banks do not like Italy's record for political instability. Banks themselves say that this does not matter—Italy has proved that it can function even without a government and therefore political risk is less a factor than might be the case in other countries, they say.

Indeed the constant theme of Eurobankers' complaints about Italy is still the large scale of borrowing coupled with a lack of centralised control.

Italy is trying to counter these criticisms in a number of ways. The Bank of Italy has let it be known that it has established an informal queueing system of Italian borrowers so that no two major loans are offered to the market at once. The indirect effect of this queue should be to ration borrowing abroad so that total amounts raised externally could decline, they say.

Moreover, next year should see a substantial decline in Italy's current account deficit. Already this year the shortfall is expected to slip to around $8.5bn from $10bn in 1980.

This would normally imply a reduced need for external borrowing but whether such a reduction will in fact materialise depends quite heavily on the course of Italian monetary policy.

The latter has recently been so tight that borrowers with large financing needs have been unable to raise funds at h[...] This has forced them ab[...] and will continue to do so [...] less the squeeze is relaxed. Inflation next year is offic[...] expected to be high at ar[...] 16 per cent and there [...] little leeway for a major re[...]tion.

This would still leave It[...] borrowers forced to raise m[...] on foreign markets but It[...] officials suggest that ov[...] borrowing amounts could decline if the spending bu[...] of major state enterprises [...] cut or if ways can be four[...] allow them to raise mone[...] the domestic bond ma[...] Domestic bonds might be[...] easier to float if inflationar[...] pectations decline next [...] the officials argue.

There is, however, st[...] credibility gap between [...] and its bankers, who say [...] they will only believe pro[...] of a decline in borrowing [...] when they see them. The[...] there is a need for Ita[...] demonstrate much more c[...] that it is ready to get a gr[...] the country's borr[...] activities.

Some Italian borrowers, [...]ticularly the electric u[...] Enel, have a very good re[...]tion in the market and [...] been able to raise large am[...] of money on favourable [...] others such as Ferrovie [...] unpopular with the marke[...] tend to drag the overall r[...] of the country down.

Italy needs to co-ordina[...] only the timing but als[...] order in which its main [...]rowers tap the Euromarke[...] the bankers.

Small but thrusting force in system

WHEN THE history comes to be written of the development of the Italian banking system in the 1980s a small but important chapter will have to be devoted to the foreign banks which have set up shop in the country. At the beginning of this year 26 of them had taken the plunge and established full branches in Italy.

In absolute terms they account for a tiny part of the system. With combined overall deposits of just over L7,000bn ($5.7bn) in 1980, they represented just 1.52 per cent of total deposits—though, significantly, their share of the net profits of the Italian banking system—at 2.9 per cent—was much higher. As one prominent Italian banker put it the other day: "It has to be admitted that they've given a much needed shock to the system here."

In one sense the arrival of the foreign banks has been the mirror image of the growing international involvement of Italian banks. As the latter have increasingly concentrated on developing their overseas business, so their counterparts elsewhere have been attracted to Italy—in 1979 and 1980 the fastest growing economy and until last year boasting a growing share of world trade. The more far-sighted Italian banks have welcomed the challenge of the foreigners, as preparation for the tougher and more competitive banking climate facing them outside their home market.

The foreign contingent began as a trickle in the late 1960s but has gathered force with every subsequent year. The most recent newcomers include Banque Nationale de Paris (BNP), the biggest French commercial bank, the Deutsche and Dresdner banks of West Germany, Banque de Paris et des Pays Bas and Banque Bruxelles Lambert of Belgium.

But even the figure of 26 foreign banks with Italian branches does not tell the whole story. Others are involved in Italy via joint operations with local banks. National Westminster's large minority stake in Creditwest, an operation shared with Credito Italiano, is a case in point. A special example is Banca d'America e d'Italia, now the 32nd largest bank in Italy with deposits of L2,805bn at the end of 1980. It is almost fully owned by Bank of America, the largest commercial bank in the U.S., which itself started life in San Francisco as the Bank of Italy, founded by a 19th century Italian immigrant to California. But Banca d'America e d'Italia is to all intents and purposes today a purely Italian bank.

The largest of the genuinely "foreign" banks remains CitiBank, whose total deposits at end-1980 of L1,104bn give it 63rd place in the league table of banks operating in Italy. Next

Foreign Banks

RUPERT CORNWELL

comes Chase Manhattan, and third, interestingly enough, is UBAE (Unione Banche Arabe) a sign of the proliferating economic ties of Italy with the Arab world. Among the British banks the largest is Barclays, which differs from most of its foreign colleagues in its deliberate involvement in ordinary Italian business, as against the large corporate and multinational sector favoured by the majority.

The greatest benefits deriving from the presence of the foreign banks has been the stimulus they have given to greater efficiency and sophistication in the hidebound local market. It was they who prompted the creation of an interbank market and launched a fledgling system of bankers' acceptances, a technique long familiar in other financial centres.

For those retail customers they have (many of them prefer to stay almost entirely on the wholesale side of banking) the service offered by the foreign banks is streamlined and swift to a degree almost unimaginable in ordinary Italian consumer banking. Corporate customers involved in foreign trade obviously welcome the access to large foreign networks which even the biggest Italian banks cannot match.

It must be said that the higher profits achieved by the foreign banks reflect the easier conditions under which they operate—though they are no less subject to the tight credit curbs and restrictions maintained by the Bank of Italy, today as important as ever in regulating the economy, and to the antiquated laws governing banks.

But the comparative absence of retail business means that staff costs (Italian bank employees are among the highest paid in Europe) can be kept down, while the concentration of their few branches in Milan and Rome means that other overheads are fewer. Nor do the foreign banks share the historical obligations of long-established Italian banks which often militate against economic efficiency.

All these factors seem likely to encourage a further growth of foreign banks in Italy, subject of course to the consent of the central bank. There are some signs that the banks want to move beyond Milan to tap the rich and highly export-orientated industrial hinterland of Northern Italy. Moreover, as the banks establish roots in Italy they are likely to become ever more closely involved with purely domestic finance.

Possibly one sign of the times was the agreement last summer by American Express to sell its banking activities in Italy to Brescia's Banca San Paolo. One or two foreign banks have already been involved in the laborious negotiations to shore up the bankrupt Sir and Liquichimica chemical groups. For its part Barclays, which has hitherto made a point of aggressively—and successfully—offering a full range of banking services, has run into trouble on the leasing side, as a result of the financial difficulties being experienced by a machine tools industrialist in Turin with whom it had been working.

But even this is indicative of the new paths being opened up by the foreign banks. Not only leasing but another modern para-banking service of factoring has been promoted by the foreign banks. Barclays says that after just one year of operations its factoring offshoot is the second biggest of its kind in Italy.

This sort of enterprise is but one reason why most enlightened Italian bankers will admit that the long overdue improvement in the domestic banking market, which now at last seems to be under way, is in part due to the example set by the foreign newcomers.

ITALIAN BANKING VII

he stock market is probably one of the least efficient cogs in Italy's ancial machinery. After this year's earlier activity the Milan Bourse as slid back into inertia and moves to broaden the market have not so far dispelled the uncertainty.

Short-lived boom leaves untidy aftermath

ɔck Exchange

JAMES BUXTON

.Y THIS year it looked as Milan Stock Exchange had y come of age. A doubling ıare prices in 1980 has ɔd market capitalisation up re respectable levels in the ɔean stock exchange league while turnover in shares hree or four times its level ɔ mid-1970s.

t the most important thing hat companies were turn- ɔ the stock exchange in in- ing numbers to raise new ıl. Using both new share ; and issues of bonds con- ıle into shares, companies using the market on an un- dented scale to reduce indebtedness.

therefore looked as if the exchange might slough off eputation as a place for practices and intrigue become a prominent and ctable feature of the n capital market. The se has long been a small ; with only about 160 com- ɔs quoted, of which only t a third are really freely ıable.

w, however, that bright ɔect looks rather more nt. Share trading is down ı trickle, issues of new ɔs are being undersub- ed and large companies, h had begun looking to the se as a regular source of funds to be tapped again again, are beginning to ler if it will be some time e they can repeat the ıtions of 1980 and 1981.

ere is no mystery about happened in the mean- The market rose steadily e early months of the year, ıing a peak 68 per cent e its January 2 level in May. Trading turnover ıed levels in April and May h would, on an annual , have put the market ıd only to London among EEC stock exchanges (in ; of market capitalisation in fifth place, behind London, Frankfurt, Paris and Amsterdam).

Then came the inevitable crash, triggered by the arrest of some leading Milanese finan- ciers, the fall of the Forlani Government, and the scandal over the P2 Masonic Lodge but caused fundamentally by the inevitable yet endlessly post- poned desire for profit-taking. The market got into a sharp downward spiral in mid-June and amid growing allegations of large-scale bear selling by market operators a new character stepped on to the stage.

Italy's equivalent of the U.S. Securities and Exchange Com- mission, the Consob (National Commission on the Companies and the Stock Exchange) has existed since 1974. But ham- pered by the absence of a com- prehensive legal structure and by the irresponsible appoint- ment by politicians of some of its members, it has made little impression on the Bourse. Last February, however, an almost completely new Consob board was appointed, led by Professor Guido Rossi, who declared his brief was to clean up and strengthen the Stock exchange.

Professor Rossi's reaction to what he called the "patholo- gical rather than physiological speculation" that was taking place on the market was to order that share dealings be settled in cash within three days rather than at the end of the monthly account—the estab- lished system. His action cer- tainly halted bear selling short but it also brought the market to a juddering halt, cutting share trading levels to about a tenth of previous levels.

After about two weeks the provision was lifted but brokers were obliged by new rules to take deposits from their cus- tomers before buying and sell- ing shares — 30 per cent on share purchases and 70 per cent on share sales. When the mar- ket failed to revive and con- tinued to fall steeply, apparently because of the weight of selling positions in the pipeline, trading had to be suspended for three days in mid-July while the authorities worked out a new solution. It was the first time the Bourse had been shut since the rout of the Italian armies by the Austrians in 1917.

MILAN STOCK EXCHANGE 1981

	Index Jan 2 1981 =1000	Per cent change	Dealings (L bn)	Per cent change
January	1070	+ 7	840	—
February	1217	+13.7	1696	+101.9
March	1307	+ 7.4	1629	− 4
April	1428	+ 9.3	1710	+ 5
May	1602	+12.2	2039	+ 19.2
June	1323	−17.4	2057	+ 0.8
July	1119	−15.4	209	− 89.8
August	1320	+18	504	+140.7
September	1131	−14.3	516	+ 2.3
October	1043	− 7.8	353	− 31.5

The Government's solution was to reduce the restrictions on interventions in the market by the banks and to promise a number of legislative changes to encourage more companies to come to the stock exchange and to persuade small shareholders to buy equity. Among these was a proposal to allow the institu- tion of investment trusts or mutual funds.

The market rose again in August but fell 22 per cent in September and October, obliterating most of the year's gains. Trading in October was at its lowest level for the year, a sixth of what it was in the summer peak, reflecting a glut of new issues and general un- certainty. The stock exchange turned to the Government to ask what had happened to its promises of action to encourage the market. Professor Rossi did the same.

Aroused, at the end of October, the Cabinet finally approved draft legislation to allow the establishment of investment trusts which the market believes could make a significant differ- ence by bringing in new funds to soak up equity. The Cabi- net's decision followed a dispute between Sig. Nino Andreatta, the Treasury Minister, and Sig Rino Formica, the Finance Minister, as to how the funds should be taxed.

Eventually Sig Giovanni Spadolini, the Prime Minister, settled the issue. A fair num- ber of banks, insurance com- panies and finance houses are keen to introduce trusts which they have been demanding for two decades. But they will study the tax position carefully before they embark. First indications were that they were far from satisfied. If all goes well Parliamentary committess could pass the legislation within a matter of weeks.

Parliament is also to consider legislation to encourage com- panies to float more equity on the Boarse by cutting the taxa- tion on capital gains made in this way. Professor Rossi is disappointed that the draft legislation appears to encourage companies already quoted to float more equity rather than to encourage new companies to seek quotation on the Bourse, which would thus change the Bourse's composition both in terms of quality as well as quantity.

Even so, both these measures hold out the possibility of more shares coming on to the market and more savers putting their funds into it. One of the chief ambitions of the Consob is a progressive improvement of the list of shares available:

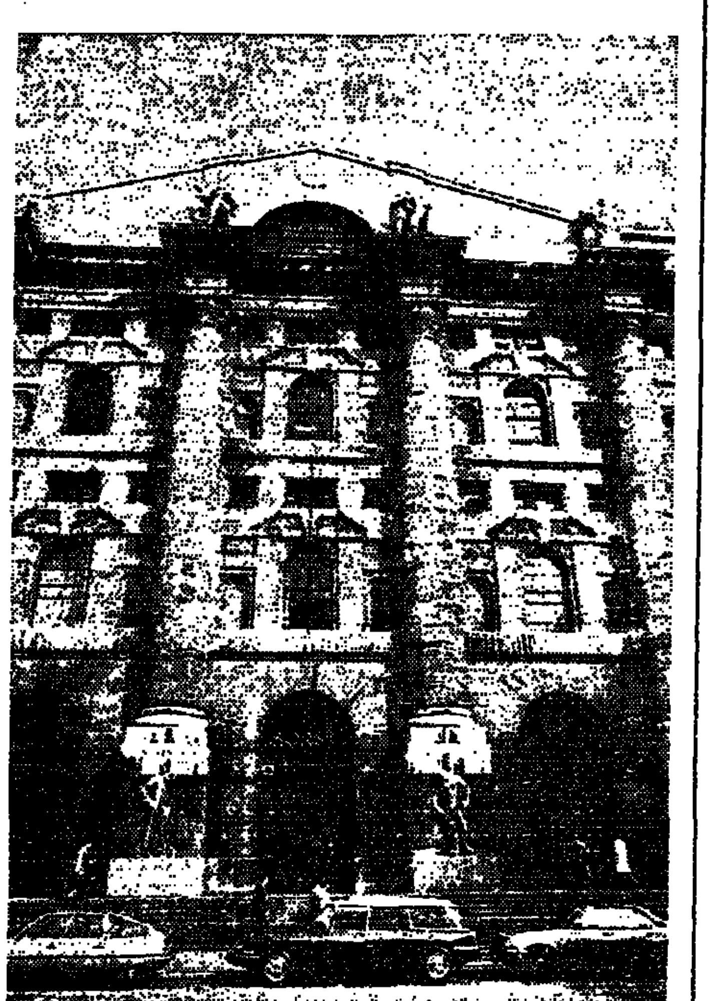
● By encouraging more com- panies to be quoted (several have arrived on the market in the past few months, or are planning to do so, whereas no new company sought a quotation between 1973 and 1980).

● By removing from the list companies of whose capital only an insignificant proportion is quoted on the stock exchange, or where the shares quoted are in reality held by one or two big shareholders. Negotiations are currently going on with IRI, the state industrial holding com- pany, and with the Ministry of State Shareholdings on the quo- tation of state-controlled com- panies. A tiny fraction of some of these concerns is publicly quoted and the Consob would like this proportion either greatly expanded or the quota- tion removed altogether.

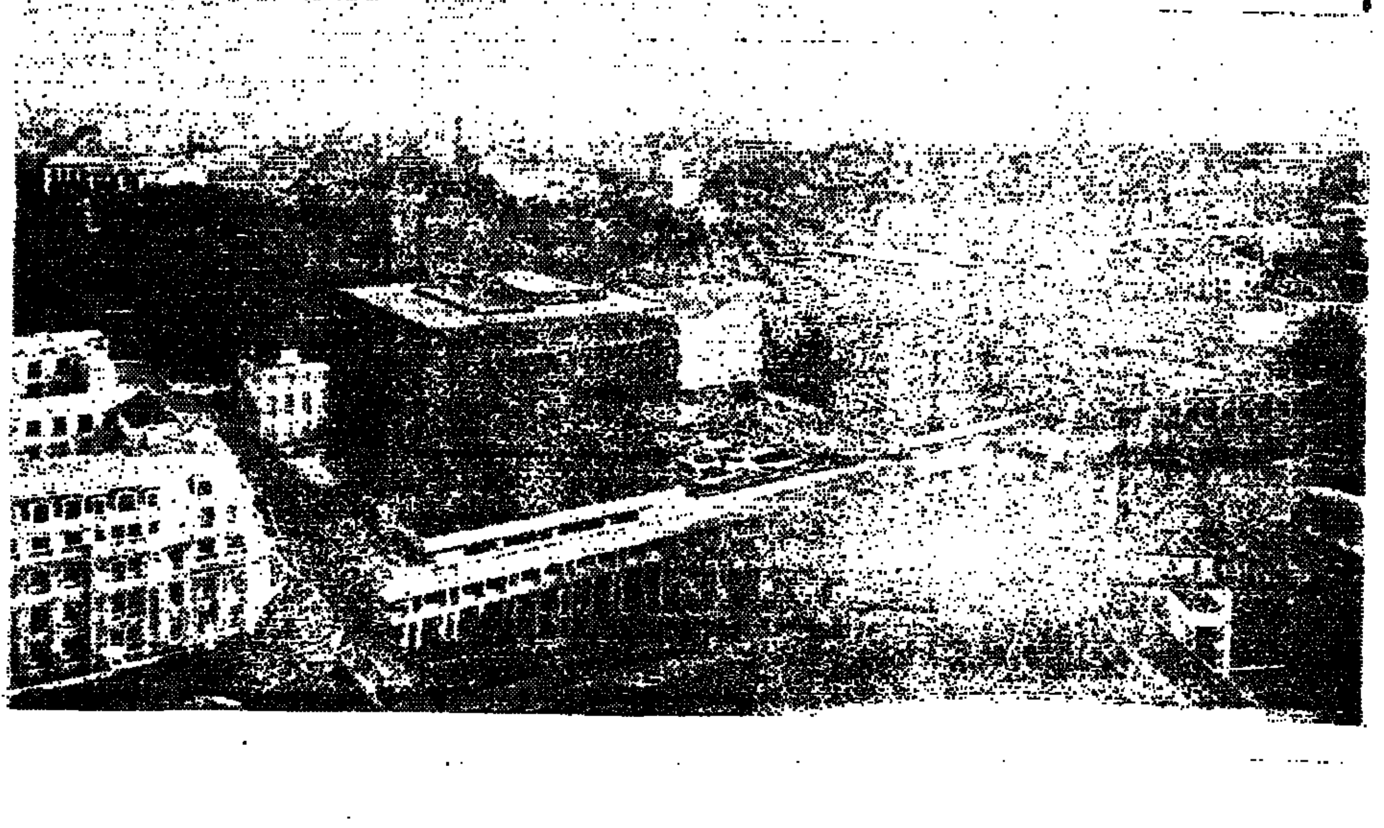
It is an objective with which the Government has some sym- pathy, realising that the stock exchange is a potential source of funds at a time when the Government itself can rarely afford to recapitalise the state companies. Three state- controlled banks are having their capital raised by means of a bond issue convertible in due course into shares.

But the Consob also wants to see legislation passed to regu- late insider trading, the handling of mergers, the issu- ing of tender documents and increased disclosure of informa- tion. The introduction of certi- fied accounts for companies quoted on the stock exchange, due to come into force next year, will be an important step forward. All these things would change the character of the stock exchange but ought to make it a more effective capital market.

But both the Consob and the stock exchange authorities theselves harbour suspicions about the Government's real intentions towards the stock exchange. There is a suspicion that given the Government's enormous borrowing require- ment it does not really want to make conditions too favour- able for the equity market. Even people at the top of the Milanese financial establishment do not unanimously favour the establishment of a market they cannot be sure of controlling. The next few years on the stock exchange will be very interest- ing.



The Stock Exchange in Milan



Promising signs on automation front

Services

JAMES BUXTON

VISITING the bank, especially if you are used to Anglo-Saxon standards of bank service, can be one of the less pleasant experiences Italy has to offer. The long queues behind burly customers drawing out colossal sums in cash, the bureaucratic or legal blocks which so many simple transactions unexpectedly run foul of and the often *disdainful attitude of counter* staff can conspire to make it all exasperating.

But apart from the great reluctance of bank officials to accept responsibility for any mistake the bank may have made, an established and well-known customer should be able to enjoy a reasonably personal service at his own bank.

Many of the constraints on the efficiency of banks are due *to the extraordinarily elaborate* controls by the Bank of Italy aimed at preventing fraud and default.

The real problems occur when other banks are involved. It can take up to a month for one bank to clear another bank's cheque, so shopkeepers *in one town are reluctant* to take cheques drawn on banks in another (if they will take cheques at all).

Direct transfers between banks rarely take less than 10 days. Intermediary banks frequently hold on to sums of money being routed via them between a bank in another country and another Italian bank for up to a month. (Yet overseas banks, including those *in Britain, blithely go on* using these correspondent banks, ignoring the poor service to which they thereby condemn their customers.)

The remarkable thing is that in an industry that reeks of intense conservatism this is one aspect of Italian banking that is showing promising signs of change, by means of a sudden leap into the more sophisticated realms of electronics. A nation-*wide system of automatic teller* machines (ATMs), which at the minimum will function as cash dispensers, is likely to arrive within the next two years. An interbank teleprocessing network by which banks can carry out transactions between each via their computers and a telecommunications system is expected to be the next stage.

The need for teleprocessing would be rather less urgent if Italy had a good postal service. But since letters within Italy, or even within the bigger Italian cities, rarely take less than a week to arrive, the banks, operating in a long narrow country, lack the communications system which is still the mainstay of banking in most other countries.

In fact Italian banks are among the most automated in Europe. But with one major exception they are only auto-*mated within themselves*: banks like Banca Nazionale del Lavora have their own teleprocessing systems linked to their computers but these systems are not integrated with those of other banks.

In a country with 1,070 banks of many different kinds, operating 12,000 branches, it is easy to see why this degree of automation is inadequate. For a branch of one of the big banks to transmit money to a branch of one of the others, two different computer systems must be connected by means of pieces of paper and laborious manpower.

In 1979, however, the Italian savings banks, of which there are about 90, accounting for about 30 per cent of the bank*ing systems' deposits*, inaugurated their own teleprocessing network. Known as Stacri (*Sistema di Teletrasmissione Automatica tra le Casse di* Risparmio Italiane), it provides for the automatic handling of giro transfers, payment orders, cheques and other types of payment, as well as data processing and message switching. Transactions are booked to the accounts each bank maintains *at Italcasse, the central insti*tute of the savings banks. Each savings bank's headquarters is linked to the system, which handles about 30,000 to 40,000 transactions a day.

Now the savings banks, which form a relatively cohesive group, are in the process of launching their next venture—a system of ATMs known as Carismat. Some 60 savings banks are involved in this operation, of which 20 are currently installing the equipment. Some 300 machines should be in operation shortly and it is expected that some 600 will be working by the end of next year, according to Dr Tullo Zanaboni, head of Ipacri, the Institute for the Automation of Savings Banks.

Initially the machines will *function off-line from the central* computer solely as cash dispensers. They will be situated inside banks, and savings banks' customers holding the Carismat card will be able to go into any savings bank that has a machine and draw up to L200,000 a day and up to L1,000,000 a month. The Carismat card will record how much the customer has drawn. In due course the ATMS will go on-line and customers will be able to use them to consult their bank balances, make deposits and transfers and so on.

Now final negotiations are taking place for the integration of the Carismat system with those of other Italian banks, to produce a much more extensive network. Banca Nazionale del Lavoro and Banca Commerciale are expected to merge their existing networks and many banks, including Credito Italiano, are keen to join. The minimum which any bank linked to the system will provide for customers is cash dispensers. But like most of the savings banks certain banks, like BNL will offer a full range of ATM services on their machines.

These machines may differ from bank to bank but the basic software for the system will be standard. The national system, *for which a name* has yet to be fixed (though it is likely to be Bancamat) is expected to come into operation within 18 to 20 months. Some of the machines will be in factories and shopping centres, subject to the Bank of Italy's permission.

The next stage will be the *merging of the banks' telepro*cessing networks, for which the Bank of Italy, which is an important guiding force in bank automation, has ordered a feasibility study. A national teleprocessing network for the Italian banking system will make far more difference than the ATMS. But according to Dr Antonio Finocchiaro, responsible for the Bank of Italy's data processing and information systems department, the problems of merging the different software used by the different banks are "very great" and it is too early to fix a date by which the system is likely to come into operation.

So far the only electronic systems for inter-bank co-operation (*apart from the* savings banks' Stacri) is the system of transfers between the accounts all banks have with the Bank of Italy, and the Sia system—Societa Interbancaria per Automazione—an arrangement by which a number of banks exchange computer tapes of transactions, similar to Britain's BACS.

But whereas a national teleprocessing network is something from which all bank customers would benefit whether they were aware of it or not, the ATM network which will precede it will only benefit the customer if he chooses to use it. There is an underlying fear on the part of many people connected with bank automation in that customer response will not be enough to justify the project. Unfortunately, as the use of the present small number of cash dispensers in Italy shows, *the system has to get above a* certain size to be viable at all.

The sceptics can point to the very *modest success* of such innovations as cheque cards (to guarantee cheques) and credit cards in Italy. *There* are only about 650,000 *cheque* cards in circulation, even though they were first introduced (with Credito Italiano in the lead) in 1968. The figures for credit cards are similarly meagre. American Express recently achieved 100,000 cards, though Visa is thought to have several times that number.

The response to cards has been sluggish, partly because most Italian businesses, especially outside Milan, Rome and a few other big cities, distrust them (especially when handled by Italians rather than foreigners); partly because Italians are generally reluctant to have transactions recorded on paper; partly, according to Dr Umberto Burani of Credit Italiano, because Italians appear not to read the information their banks send them.

A very big publicity campaign will be needed to overcome this *last problem when the ATM net*work gets under way. But the system has the great advantage that Italians do prefer transactions. It is thought they will prefer drawing sm *amounts of cash quickly* fr machine rather than queuir in a bank to draw large c tities of cash once a week be vulnerable to thieves. is the main use to which Ita put their cheque books. system will be particularly ful *for* travellers.

The Bank of Italy has that if the ATM system ca on bank liquidity shoul crease as customers keep cash in the bank than in pockets. The Bank favo national teleprocessing ne but believes that the should go cautiously an careful to make the most effective investment in su expensive field.

A paper by Dr Mario nelli, *deputy director* gene the Bank of Italy, raise problem that the banks co spurred by automation inte expansion, anxious to gair ness by price-competition way which migh be self-c ing. He indicated that the did *not* intend to liberal very strict control of banks may and may not branches and points of even though *he anticipate this policy will come und* creasing pressure in the ba revolution to come.

Final testing of computers at Olivetti's plant near Turin

Treasury bills still rule the day

Money Market

CHARLES KENNARD

IN THE first week of October treasury managers of Italian commercial banks met Bank of Italy and Treasury Ministry officials at a conference in Sorrento. There, overlooking the placid waters of the Bay of Naples, bankers, treasury officials and central bankers swapped ideas on ways to tackle the troubles of the Italian monetary system. As commer*cial bankers tell it, the basic* message came over loud and clear.

"The central bank people said that in *this particular* economic environment top priority has to be given to taking liquidity from the system," one banker said afterwards. "The Treasury has increasing requirements, which have to be met. Until the politicians get together to reduce the state deficit, the requirements have to be met through the Treasury bill issue."

A few figures illustrate the point. Latest Budget Ministry and Treasury estimates put the overall public sector borrowing requirement this year at around L48,000bn, some L5,000bn more than planned. Within that, the domestic market borrowing requirement is expected to be at least L42,000bn, and probably more, compared with a planned L37,500bn.

Since the major part of state borrowing is still pinned inexorably by inflationary uncertainties to the short term, the net Treasury bill issue has risen L24,000bn so far this year, to L98,000bn in October—nearly equal to one third of net national income.

To move that volume of paper the central bank and the Treasury have been forced to push bill yields up at the primary auctions to a record 20 per cent for three-month bills at the latest auction, from less than 16 per cent at the *end of 1980.*

With inflation running at about 19 per cent a year tax-free Treasury paper now offers a substantial positive real yield. This, however, has intensified a major problem facing the banking system.

Banks which last year were already worried by growth in their deposit base well below the rate of inflation have this year suffered a record net out*flow of savings*. The *deposit* base of the system shrank by more than L8,800bn in the first seven months of the year, representing a nominal decline of 3.5 per cent. For the whole year, and including year-end interest credits, the deposit base is expected to grow by *only 8.7* per cent, *compared* with 12 per cent last year—representing the worst ever real fall in the history of the Italian banking system, Italian Banking Association vice-president Professor Francesco Parrillo told a recent seminar.

So strong has been private investor demand for Treasury bills that the banks had to reduce their own holdings by some L10,500bn in the first seven months, a cut of more than 30 per cent, partly to meet demand and partly to be *able to meet the* loan *requirements* of their industrial customers.

This disinvestment from relatively liquid assets, and the persistence of strong credit demand despite penal interest rates appears to have rung alarm bells in the central bank, because from August onwards its open market operations have been single-mindedly aimed at *marshalling banking liquidity* into position for the primary bill auctions. "They lead us to the water and they make pretty sure we drink," one banker commented.

For the past year Bank of Italy officials from Governor Carlo Ciampi down have been urging the need for an *amicable divorce* between the central bank as guardian of the money supply and the Treasury with *its insatiable demand for funds.*

In July the Bank took the crucial step and announced it would no longer act as lender of last resort to the Treasury by automatically taking up unsold bills. Central bankers argue that while the Treasury deficit, already larger than the Federal deficit *of the* U.S. Government, remains inherently inflationary, it is at least being financed in the least inflationary way—through the markets rather than the printing presses.

Money market operators concede the theoretical point but question the practical extent of the central bank's *newly* claimed autonomy. Rather than using its indepedence to exert pressure on the Treasury, the central bank appears to be acting as a whip to subordinate the entire credit structure to Treasury requirements.

This is consistent with the *oft-repeated central bank view* that the Italian economy remains over-heated by excessive internal demand and must be curbed through credit restrictions in the absence of effective government action. But for the money markets and the few innovative bankers it is deeply irksome.

Bankers who complained at the Sorrento meeting of the way high Treasury bill yields were draining away their deposits were told fairly brusquely to improve their efficiency and offer better services to the public—advice which may have been overdue but which some bankers found ironic in view of the monetary authorities' zealous efforts over the past year to block off the main non-traditional financial channels explored by the banks.

The most recent example of these efforts has been the untimely demise of the bankers' *acceptances market*. *Under the* stimulus of tight curbs on traditional credit the volume of the fledgling acceptances market grew strongly last year, touching an estimated peak of about L3,000bn in the early months of this year, a fourfold increase since end-1979.

But in March the Bank of Italy slapped a ceiling on acceptances issues and on October 2 the Finance Ministry decreed *a 20 per cent tax on yields* which treasury department managers and brokers say has stopped the market in its tracks.

"Where you got 22 per cent previously on bankers' acceptances, now you get 18 per cent, which is nothing special," one treasury manager commented. "With Treasury bills at 20 per cent nobody does acceptances any more."

Before bankers' acceptances, last *year's* flourishing *market* in short-term foreign currency-based credit was another victim, upset by the commercial banks' creation of a L5,000bn loophole in its regime of credit growth ceilings, the central bank stepped in heavily at the end of January, giving banks a *month's grace to roll back the* volume of foreign currency import credits to end-1980 levels.

Next to go, predict glooomy market operators, will be a small but progressive market in lira CDs (certificates of deposit).

Since the Bank of Italy *acted in March to block* the growth of the bankers' acceptance market, medium-term banks, which normally issue CDs with a 3½- to five-year maturity, have been shortening their CD maturities and refining their floating rate mechanisms. CDs are now being *issued with a minimum 18*-month maturity, indexed to the six-month Treasury bill rate plus a 1.25 per cent spread.

With inflation and Treasury bill rates at about 20 per cent, and commercial bank prime rates at 22½ per cent, changing quarterly, an efficient CD issuer can find plenty of customers for paper at 21½, and borowers at 24 per cent which, charged annually, represents an effective borrowing cost of less than prime.

"But it won't last long," said one medium-term treasury manager. "*Maybe another month or* so. The Bank of Italy people have already said they are going to stop us. A few years ago we were talking about expanding the money markets. But not now. The only thing left is Treasury bills."

FOOD SHORTAGES IN RUSSIA

Few goods in Grocery Store 7

By David Satter, recently in Vologda

RISING tension between the United States and the Soviet Union leads to a new round in the arms race, the Soviet Union will enter it facing the first food shortages in provincial areas in more than 20 years.

In Vologda, an old Russian trading town 250 miles north of Moscow, meat, butter, cheese, and fresh vegetables are all unavailable in the state stores and long queues form for milk, which run out by mid-morning.

The shortages in the Vologda area are all the more striking because the Vologda district is one of the Soviet Union's principal meat and butter producing areas. "Vologda butter," now unavailable in Vologda itself, is considered the best butter in the Soviet Union.

In the slanting rays of the late afternoon sun, the old centre of Vologda resembles a turn of the century amusement park with baroque facades, gabled eaves, pillars, cornices and tin domes on storefronts which make them look like emporia.

The era of socialism added five-storey housing blocks with rusted balconies to the architecture of the city but they are

Little evidence of serious discontent

somehow unobtrusive, strewn almost randomly amid Vologda's leaning log houses or organised in endless rows near the factories and railroad yards along the horizon.

During three days in Vologda and the nearby area, a colleague and I saw a drastically lower standard of living than that which exists in Moscow but there was little evidence of serious discontent.

Although housewives in queues, cab drivers and sales girls agreed that the food supply situation was getting progressively worse, they raised few objections and treated it as normal that meat packing plants were surrounded by concrete and steel fortifications to prevent the theft of meat and that factories organised monthly "sausage trips" to Moscow to give Vologda residents the opportunity to buy in Moscow products that had been produced in their own region.

"We're optimists," said an elderly lady with gold rimmed spectacles, who worked in Vologda's main book store. "This is the first socialist country in the world. You have to expect that there will be problems. We think that there are no problems that can't be solved."

In fact, the problem which seemed to anger local residents more than scarce food supplies was the presence of two western correspondents in the city. Our conversations in stores or on the street were continually broken up by young men who appeared out of nowhere, berated us for trying to "slander Soviet reality" and advised us to leave the area.

The goods that we saw on sale in Grocery Store Number 7 on Peace Prospect in Vologda proved to be typical for many stores for the area. On a quiet Monday morning, there was no meat on sale in the store, no butter, no cheese and no fresh vegetables.

At the former meat counter, a salesgirl was selling frozen sprats at 40 kopecks (about 30p) a kilogramme, smoked sardines at 1.20 roubles a kilogramme and herring at 3.20 roubles a kilogramme. At the butter counter, there were stacks of several different brands of margarine, although no butter, as well as processed cheese.

When I asked a salesgirl whether she expected any butter, she shrugged her shoulders. "Sometimes we have it," she said, "it's rare, but sometimes we have it. If they bring it, we'll have it."

In the wake of three successive grain harvest failures, the Soviet Union does not have enough grain to feed its livestock. One consequence has been a sharp fall in milk production, which is expected to be 8 per cent lower this year than in 1978. Animal weight is also down, reducing meat production, which may be 3 per cent lower this year than in 1978.

The decline in food production, however, is not the only reason for the food shortages in Vologda. In a situation of endemic shortages, deficit goods, including food, may be used to

Hugh Routledge

An amply supplied vegetable market in Moscow: but in provincial towns it is a different story.

influence political behaviour. The Soviet authorities used food supplies traditionally to reinforce internal political stability and to stimulate vital military and industrial production.

Moscow, Leningrad and the capitals of Soviet republics belong to the first category for food deliveries. Despite the almost complete absence of meat in the provinces, meat goes on sale in Moscow stores every day. This is apparently done to minimise discontent in the major centres and to make a favourable impression on foreigners.

At the same time, the non-Russian republics, and particularly the Baltic republics, are supplied with food products more generously than is Russia proper, also, apparently to minimise discontent.

The sites of major military or industrial projects such as the Togliatti car plant or the Kama River truck factory receive much better food supplies than the frequently impoverished surrounding area and may, depending on the importance of the work there, be supplied on the same level as Moscow.

There may already be a problem in the Vologda area in finding adequate sources of protein. Chickens were on sale in some Vologda stores and local residents said some meat is available in factory dining halls. We did see eggs on sale in the stores but people formed long lines to buy "first quality" milk in a few selected stores and saleswomen warned the shoppers in the queue that there would not be enough for everyone.

At four o'clock in the afternoon in Cherepovets, a grimy steel producing town two hours away from Vologda, there was no milk on sale anywhere in the city, except at special "milk kitchens" where parents of small children were able to receive a litre of milk a day by prescription for a child under the age of one, and half a litre a day of milk for a child between the ages of one and two.

There has been some speculation in the West that food shortages and economic hardship may compel the Soviet Union to desist from entering a costly, economically ruinous arms race but our conversations with people in the Vologda area lent little support to this view.

"People don't worry about shortages," said a schoolteacher who was too young to remember World War II. "Compared to what we've endured, they don't seem to us to be any problem at all."

The driver who took up from Vologda to Cherepovets said if you want to buy meat, you go to Moscow. "The capital is the capital," he said. The only resentment he expressed was over the existence of a closed store for party officials which he said was located about 10 miles outside Vologda on the road to Leningrad and had supplies of every product which was unavailable in Vologda.

In comparison with Moscow, the Soviet provinces also demonstrate a difference in the level of consciousness which is just as striking as the difference in the level of food deliveries.

For the residents of areas such as the Vologda *oblast*, Soviet propaganda is the definitive substitute for reality and the elements of xenophobia, spymania and aggressive nationalism in the Soviet world outlook are constantly stressed.

I believe the constant harassment we experienced in Vologda was inspired in part by the local authorities but it was not entirely officially directed. Circumstances suggest that some of those who tried to prevent us from taking notes or photographs were not asked to do so but were acting as public spirited "volunteers."

If a new arms race reduces the standard of living still further in Vologda, it may lead not to discontent but to a new wave of patriotism in the Soviet provinces because the sacrifices will be explained to people as the consequence of the Soviet determination to resist imperialism and struggle for peace.

On our last day in Vologda we encountered two old ladies while strolling through

"The reason we don't have any food in the stores"

Revolution Square. When we identified ourselves as western correspondents, they asked: "Why is America trying to attack us?" When I said I didn't think America wanted to attack the Soviet Union, one of the ladies asked, "If they don't want to attack us, why are they building the neutron bomb. That's all we hear about, that bomb. That's the reason we don't have any food in the stores."

When I asked her where she though Vologda's food products were going, she gave an answer that may become standard in provincial Russia in the next few years although it is not a complete reflection of reality at the present time. She said that in light of the situation the United States had inspired Vologda's butter and meat was probably going to feed the Soviet army.

Lombard

Pensioners *versus* early leavers

By Barry Riley

THE EARLY LEAVER—the the person who, like most of us, fails to stay a 40-year course in a single pension scheme—is at once a godsend and a nuisance to the pensions industry. A godsend because his contributions often remain locked in his old scheme and can be largely diverted to financing the benefits of those who remain. A nuisance because he is becoming increasingly conscious of the raw deal which he is offered by the present system.

The problem is topical because the industry is now making submissions to the new Secretary of State for Social Services, Mr Norman Fowler, following the Occupational Pensions Board's report last summer on improving the rights of early leavers.

Two of the major industry associations—the National Association of Pension Funds and the Society of Pension Consultants—have published their views, and their memoranda reveal a clear split within the ranks of the pensions professionals. On the one hand the NAPF is seeking to maintain the status quo, at least until such indeterminate future time as the pensions movement can see its way to making voluntary changes. The SPC, however, perceives that the present treatment of early leavers no longer accords with current expectations of employers and employees.

Whereas the NAPF does not accept that improvement of benefits for early leavers should receive a higher priority than the protection of pensions in payment against inflation, the SPC is ready to contemplate mandatory changes, the cost of which should be met by a redistribution of existing resources.

It is unlikely that the two submissions reflect anything like unanimous views within the memberships of the two associations. After all, many members of the SPC, which represents mainly scheme advisers like insurance brokers and pension consultants, are also members of the NAPF, a broader based body which is dominated by the pension funds themselves.

Also the NAPF memorandum shows evidence of being written by several hands, one section suggesting that it is deplorable that it should be implied that early leavers are not getting normal justice, while a later paragraph argues that "this movement is capable of adjustment and the achievement of justice to meet the need of members."

Further indications of the attitudes of pensions industry professionals should emerge next Monday when the Faculty of Actuaries in Edinburgh debates the early leaver question.

Where all the professionals are fully in agreement is on the enormous cost of inflation-proofing the deferred pensions of early leavers.

In fact, inflation-proofing a deferred pension of an early leaver up to the normal retirement age, but not beyond, would be to equate the position of the early leaver with the stayer rather than to make it more favourable. Both groups would continue to be at the mercy of ex gratia increases after retirement.

But all the experts seem to fear that it would be impossible to convince the stayers of the point, which emphasises how diffident the professionals are about their ability to explain themselves. It is extraordinary that the NAPF, after such a huge expansion of occupational pension schemes in recent years, should now point out "the real need for an educational programme to ensure that all concerned understand the way pension schemes work."

Essentially the split within the professionals over early leavers reflects the degree to which they expect to convince employers and employees of the need to change. Nobody dares anticipate that companies will be prepared to pay more. So it is a question of whether, as the SPC hopes, there can be orderly changes "to the shape and balance of schemes," or whether, as the NAPF fears, the pensions movement will be turned into a battleground by what it portrays as a contest between early leavers and pensioners.

Letters to the Editor

...ax-based incomes policy an inflation antidote

...om Mr F. Seton

...ir,—In response to various ...orts on Mr Roy Jenkins' pro...al for an inflation tax on ...ployers as "developed by ...fessor Richard Layard," may ...dd my voice to Professor R. ...tes' plea for due recognition ... distinguished advocates of ...h a measure in the U.S. ...ler the name of "taxed-based ...omes policy" (TIP) who pre...ed their British colleagues ... several years, ie Professors Weintraub and Wallich who ...e since elaborated their ...eme in considerable detail. ...a symposium on "stagflation" ...ined and organised by Pro...sor Weintraub early last ...th I was lead to appreciate ... widespread support for ...se principles among dis...uished American academics ... influential policy advisers, ... to marvel at our own paro...l unawareness of these hotly ...ated issues.

...his is not to say that such ...s are not capable of fur...r development. I have advo...d a version of this inflation ...idote which could be fed into ... system at an earlier stage in the process of wage-claim gestation and negotiation where it would forestall rather than exacerbate the confrontation created by the stiffened resistance of its doubly penalised victims (employers). I have in mind a mandatory commitment by trade unions to pay their jobless ex-members a portion of and/or supplement to statutory unemployment benefit directly indexed to the wage-level negotiated for their currently employed members (or to some index of unit labour-costs as affected by currently negotiated curtailment of working time or other cost-raising improvements in working conditions). This would provide a measure of disincentive to excessive wage-claims, both through the threat of greater numbers being made redundant in their wake, and through larger supplements becoming payable to each. It would, moreover, obviate the intrusion of a penalising state curtailing the freedom or power of organised labour, in favour of an extension of integrated responsibilities of unions for all their members, whether jobless or employed, in line with a solidaristic tradition from which the movement has for so long drawn its main strength. It would, moreover, have the effect of fitting the "penalty" more closely to the cost imposed on the community than most tax-codes, however ingenious, could hope to do.

The financial impact on unions could be mitigated by the transfer to union funds of an appropriate portion of employees' or employers' contributions, and by state-financed schemes to indemnify unions for such parts of supplementary benefits as were attributable to negotiated rises in wage-rates (or unit labour costs) which did not exceed pre-established government norms. There should also be provision, possibly adjudicated by special arbitrators or courts, to indemnify particular unions in which redundancies were demonstrably traceable to wage-settlements negotiated by other unions rendering "downstream" businesses or industries unviable.

Francis Seton,
Nuffield College, Oxford.

...apacity usage should increase and remain high

...m Mr A. Wallis

...ir. — Samuel Brittan ...ember 5 is quite simply ...ng to say that the cause ... unemployment in Britain is ... level of real wages being ... high. Unemployment in ...tain is as high as it is ...ause both domestically and ...ldwide demand is low, and ...ause British industry is ...ble (or unwilling) to com...e in too many markets.

...ow is the situation to be ...edied? The most obvious ...ition is that unit costs should ... reduced, and there is con...rable evidence that the ...ssion has stimulated firms ... reduce inefficiency—hence ... shake-outs of labour and ...reases in labour productivity.

...ut this can provide only a ...tial solution. The absolutely ... requirement is that firms' ...acity usage should increase ... remain high. The benefits ... this will be felt over both ... short term—as average unit ...ts decrease—and the longer ...n, as the higher levels of ...s encourage firms to invest ...new, technologically superior ...nt.

...arious writers have ...gested that the stimulus to ...and should come from the ...ernment, or from the ...eign sector (by allowing the ...hange rate to fall). Others ...e suggested that it should come from extra consumption out of increased ... [illegible] ... this point ... fail ... to recognise that wages are not only a cost of production, but also the major source of consumer expenditure. A general cut in wages inevitably causes sales to fall, reducing capacity use even further, raising unit costs and discouraging investment.

A. W... Wallis,
...mbroke College, Camb...

Interests of warrant holders

From Professor C. Kennedy

Sir,—Lex (Nov. 7) maintains that the interests of warrant holders and shareholders in Britannia Arrow are identical. This is also the opinion of the directors of the company, but it is not a view that would be endorsed by anyone acquainted with warrant theory. No doubt both parties stand to gain by an improvement in the profitability of the company, but when it comes to dividend payments their interests are opposed. It is a commonplace of warrant analysis that warrant holders benefit from retentions and are adversely affected by dividend payments.

It is unreasonable to expect warrant holders to approve proposals that are against their interests without the offer of the same sweetener that has rightly been ... the holders of the ... Needless to say I have no interest in the matter.

Professor Charles Kennedy,
... Road,
Canterbury, Kent

Political forces and incentives

...m Mr ... Williams

Sir,—Mr. W. L. Luetkens (November 5) draws exactly the wrong conclusion.

Yes, electoral systems work differently in different social circumstances. Yes, our first-past-the-post system once gave ... choice between stable ... moderate governments, since social circumstances produced two strong parties acting within tacitly recognised limits. Yes, circumstances have changed and it now condemns us to sharp lurches between two extreme courses, both thoroughly unpopular. That is the case for altering the system.

The case does not pretend that proportional representation could "change the underlying social verities," but does claim that it could generate political forces and incentives mitigating their undesirable consequences.

Philip M. Williams,
Nuffield College, Oxford.

Anti-competitive practices

From the Director-General, Association of British Chambers of Commerce.

Sir,—I write in connection with the letter (October 31) of Mr T. R. Watts, concerning the procedure of the European Commission in dealing with competition cases.

The exercise of the powers given to the Commission under and by virtue of the Treaty of Rome in competition matters has already caused concern in the business community, not only because of the uncertainty in the law itself, which ultimately has to be decided by the European court, but also because of the uncertain, and therefore largely uncontrolled, powers of the Commission itself in the investigation and decision procedure which comes before any reference to the court.

Although business and professional organisations provide information and advice, ultimately the Commission interprets and administers its own rules in relation to its, not always understood, drastic powers to give effect to one of the fundamental aspects of the Treaty.

This association together with other representative bodies has recently been invited to comment on the administration of the European competition law to the law sub-committee of the European Communities Committee of the House of Lords.

It has to be accepted that in order to be effective the Commission must be accorded sufficient powers to identify anti-competitive practices, and to interrogate those who seek to use such practices to impede or distort intra-Community trade. Equally, as Mr Watts states, there seems no escape from the Commission acting as both prosecutor and judge. Nevertheless some attempt should surely be made to devise a procedure giving both the actuality and appearance of an independent scrutiny before a harsh decision, often penal in effect, is made by the Commission. This association and others who have accepted the invitation to make comments look forward to an early debate on the issues in the House of Lords followed by representations by the UK Government.

W. A. Newsome,
Sovereign House,
212a Shaftesbury Avenue,
London WC2.

UK COMPANY NEWS

CU 25% down at nine months

A 25 per cent cut in pre-tax profits at the nine months stage, from £81.7m to £60.2m, is reported by Commercial Union Assurance, with worsening trading conditions in the U.S. and Canada resulting in pre-tax losses over the period in both territories.

Total underwriting losses world-wide to September 30 1981 amounted to £98.1m, compared with £59m for the first nine months of 1980. Net investment income rose by a third to £142.9m (£106.8m), but this growth failed to offset the underwriting decline.

Tax and minorities over the period were halved to £13.1m, resulting in a much lower drop of 17 per cent in the profit attributable to shareholders, from £56.7m to £47.1m. Earnings per share fell from 13.79p to 11.45p.

Premium income rose by over 30 per cent in sterling terms to £1.19bn (£907m). However, the underlying premium growth, *allowing for exchange rate* exchange rate fluctuations, was 16 per cent—a growth rate that the company regards as strong. Similarly, the underlying growth rate in investment income allowing for exchange rate changes was 19 per cent.

Growth in the U.S., the company's main operating territory, continued strong, with premium income, rising by 23 per cent. But the cyclical downturn in trading continued in the U.S. with underwriting losses tripling from £23.4m to £69.1m. U.S. investment income amounted to £60m, so the territory recorded a pre-tax loss over the period of £9m.

The U.S. operating ratio deteriorated slightly in the third quarter to 109.6 per cent for the nine months, against 104.9 per cent for the corresponding period last year. The claims ratio to earned premiums was 74.7 per cent (70.9 per cent) and the expense ratio to written premiums 34.9 per cent (34 per cent). The company points out that the premium volume arises from its trading strategy for the country, and accounts for the high expense ratio. But this ratio has remained steady in 1981 and the company hopes for a drop in the ratio as its strategies mature.

Underwriting losses in Canada doubled from £7.6m to £15.7m and a pre-tax loss of £4m was recorded. Premium growth was 12 per cent but this came from the rate increases made this year rather than from additional business. The premium rates are still inadequate for all major classes in spite of these increases and further rate increases are necessary to restore profitability.

Trading conditions worsened during the third quarter in the UK where severe competition continued for commercial lines business. The adverse experience resulted in a substantial third-quarter loss leading to an overall loss of £1.3m for the period against a slight profit last year. Liability business and burglary claims contributed to the decline. The economic depression has affected the UK business and the premium growth of 14 per cent came entirely from personal lines. The company put up its motor premium rates by 16 per cent on June 1 of this year and has no plans for any further rate increases on personal insurances.

Continuing high levels of fire and liability claims in the Netherlands resulted in underwriting losses nearly tripling from £2.2m to £6.3m. Premium growth in non-life business was a mere 2 per cent.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. Arenson	0.71	Jan. 4	1.41	1.23	1.93
Bridport-Gundry ...int.	1.42	Dec. 16	—	1.42	2.41
Cater Ryder ...int.	4.29	Jan. 4	4.29	—	23.1
Cedar Inv. Trust	2.9	Dec. 9	2.65	4.6†	4.15
Control Secs. ...int.	1.58	Jan. 22	1.05	—	2.8
De La Rue ...int.	6.6	Jan. 4	6.6	—	21
Drayton Cons. Trust	5.9	Dec. 21	5.6	7.9	7.6
John Folkes Hefo ...int.	0.35	Dec. 9	0.5	—	1.4
Hill Samuel ...int.	2.5	Jan. 4	2.2	—	.0
Jessups	1	Jan. 7	1	2	2
Kwik-Fit ...int.	0.68	Jan. 5	0.68*	—	1.36†
Newman-Tonks	3.45	Dec. 19	3.45	5.1	5.1
Nthn. Goldsmiths ...int.	0.85	Jan. 12	0.85	—	3.51
Peters Stores	nil	—	2	1.5	3.5
Scott and Robertson int	nil	—	0.77	—	1.53
Smiths Inds.	6.8	Jan. 4	6.3	10.5	10
Tern-Consulate ...int.	0.7	—	nil	—	0.5
Whitbread and Co. int.	2.25	Jan. 8	2.1	—	6.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Unchanged interim of 1.7p and total of at least 4.6p expected for current year.

Control Securities improves

TAXABLE PROFITS of Control Securities, property development and investment group, advanced sharply from £278,403 to £544,019 for the six months to September 30 1981 on turnover well ahead at £1.53m, compared with £858,929.

Mr R. H. M. Van Doninck, chairman, says that taking into account the developments which are due to mature in the second half he believes profits for the current six months will be in *line with those of the first half.*

Meanwhile, in view of the group's improving profitability the net interim dividend is being stepped up from 1.05p to 1.575p per 10p share. A one-for-three scrip issue is also proposed and the directors expect to pay a final of not less than the interim payment on the increased capital—last year a final of 1.75p was paid.

Turnover for the half year was made up as to gross rental income £201,583 (£188,343) and other income £1.33m (£670,586).

Tax took £106,140 (£150) and *after extraordinary credits of* £1,157 (nil) and minority debits of £1,057 (£7,665) profits at the attributable level came through at £437,979, against £270,588.

Stated earnings per share improved to 3.48p (2.57p) basic and to 3.16p (2.2p) fully diluted.

Mr Van Doninck says all group subsidiaries and activities contributed to the improvement in the first half. He points out that group borrowings are still largely financed by multi-currency loans and that once again foreign borrowings were hedged against the pound. No *unrealised profits or losses were* taken into account for the first six months but currently on balance these transactions show a profit, the chairman adds.

The group is a subsidiary of Labofund AG of Switzerland.

Bridport Gundry picks up

A RETURN to profitability in June and July has enabled Bridport-Gundry (Holdings), netting and cordage manufacturers, to suppress the rate of its losses for the year ended July 31 1981. After £336,000 in the first half, *the year's deficit comes out at* £384,000.

The directors report that the group has continued to achieve the results which are required during the first quarter of the current year. There is, as yet, little evidence in the market of an end to the recession, but they now believe that the company can remain "reasonably profitable even during the recession."

Because the group's borrowings fell substantially during the period and the "harsh but necessary" steps to stop losses and improve the return on assets are progressively taking effect, the directors propose to pay an interim dividend of 1.42p.

At the halfway stage the directors were unable to make a payment, but in mid-July forecast that shareholders would receive a dividend for 1980-81. *In the previous year the group* turned in profits of £559,000 and paid an interim dividend of 0.99p followed by a final of 1.42p.

Loss for the year is stated at 6.6p (earnings) per share. On a CCA basis the pre-tax loss is £651,000 (profit £69,000).

Full listing for Harrison Cowley

THE SHARES of Harrison Cowley (Holdings), the Bristol-based advertising agency, are moving across from trading under rule 163(2) to a full Stock Exchange quote. Dealings will start on Friday.

The move was foreshadowed in July 1980 when the company was granted permission to deal under 163 following a placing by Robert Fleming of 1.5m ordinary shares at 75p each. The directors stated then that the placing was the "first step towards an eventual listing."

Yesterday Harrison's shares *were standing at 72p, valuing the* company at £3.6m. Crossfriars Trust holds 30 per cent of the equity, directors and employees a further 30 per cent (including a 16.2 per cent holding by Mr David Harrison) with the balance spread amongst nearly 200 shareholders. Throgmorton Trust holds a 5 per cent stake.

GREENWICH CABLE

Greenwich Cable Communications, a new "pay television" company, made an *uninspiring* debut on the USM yesterday. Brokers Northcote and Co had placed nearly 1.2m shares at 50p each, but the price barely held that level when dealings got under way and finally closed at 49p — a penny discount.

DRAYTON CONSOL.

AN IMPROVED dividend has been declared by **Drayton Consolidated Trust**, totalling 7.9p net per 25p share for the year to September 30 1981, against 7.6p.

Net revenue moved ahead from £2.81m to £2.92m, after tax of £1.89m (£1.74m). After allowances for the distribution to shareholders—the advance in which comes with a 5.9p final (5.6p)—retained revenue of £248,852 (£356,453) is transferred to reserves, swelling these to £4.54m (£4.29m).

Net assets at year end were valued at £83.14m (£83.11m) or 229p (228½p) per share.

Smiths Inds. edges higher and pays more

PRE-TAX PROFITS of Smiths Industries edged ahead from *£26.13m to £26.35m for the year* to August 1 1981 despite a warning at mid-term that profits in the second six months were not expected to match the exceptional achievement of those for the corresponding period a year earlier.

The taxable surplus for the second half in fact emerged just £497,000 lower at £16.38m.

Stated earnings per 50p share for the year were marginally higher at 37.7p (37.3p) after tax and the total dividend is being stepped up from 10p to 10.5p net *by an increased final of 6.8p* (6.3p).

The directors say that activity in the aerospace industry world-wide was strong and the trading performance was accompanied by a maintained order book. Trading conditions in the UK *remained extremely difficult* and the automotive and distribution businesses were severely affected *by low demand.*

Good performances came from the medical activities, the UK ceramics, connector and environmental control divisions, Australia and the North American marine activity.

Group turnover for the year *advanced from £319.8m to* £367.6m and trading profit improved to £30.83m, against £30.09m, after depreciation of £5.4m (£4.7m) and after charging in excess of £1m redundancy and related payments additional to those absorbed against pro*vision made in 1980.*

The number employed in the UK was reduced by 2,000 to 14,400.

The pre-tax surplus was struck after increased interest charges of £4.48m, compared with £3.96m. It is pointed out that there was *a rise in the average level of* UK borrowings but the main factor for higher interest was *further investment to finance* the growth of overseas companies.

Borrowings at year end were equivalent to 19 per cent of total funds employed, compared with 17 per cent at the beginning of the year. The balance sheet remains strong, the directors state.

Tax for the year took £6.88m (£7.72m) and after minority debits of £138,000 (£15,000) the attributable balance emerged at £19.33m (£18.39m), out of which dividends absorb £5.39m (£5.03m).

Retained profits came through at £10.88m (£12.07m) after extraordinary debits of £3.06m (£1.3m). These items include provision for further reorganisation of the automotive and marine facilities.

Current cost accounting reduces the taxable surplus to £16.1m (£14.3m).

A breakdown of turnover and trading profit shows: aerospace £87.6m (£60.15m) and £12.8m (£6.99m); automotive £86.3m (£66.15m) and £2.04m loss (£3.33m profit) distribution £62.7m (£64.2m) and £1.9m (£4.1m) industrial £47.06m (£49.05m) and £5.03m (£5.85m); marine £29.35m (£23.45m) and £2.57m (£1.31m); medical £25.15m (20.3m) and £5.32m (£5.19m); and Australia and Southern Africa £59.48m (£36.5m) and £5.56m (£2.82m).

Of total sales the UK accounted for £255.8m (£246.85m) and overseas contributed £120.75m (£80.55m). Internal sales totalled £8.95m (£7.6m). UK trading profits were down at £18.78m (£22.91m); overseas trading profits rose from £7.18m to £12.05m.

Exports increased 16 per cent.

● comment

Once again, Smiths Industri has managed to push pre profits ahead and, unlike previous year, there has been improvement in quality, with rise of more than a third current cost attributable ea ings. Aerospace has produ the biggest boost, and there h also been a useful increase fr the U.S. marine business wh the medical division is ahe even without the benefit of £1m know-how deal in previous year. From now steady progress in the aerosp division is set to be the ru after the spectacular gains of last couple of years. But th will be benefits from rationali tion in the UK automotive a marine businesses. The sha rose 15p yesterday to 35 helped by a rarity for the sec —an increased dividend. T yield is 4.4 per cent.

Kwik-Fit falls to £1.44m at half way

TAXABLE PROFITS of Kwik-Fit (Tyres and Exhausts) Holdings fell from £2.14m to £1.44m for the half-year ended August 31 1981, although turnover ex*panded by £2.5m to £17.75m* — last year's amount included £1.9m from now discontinued operations.

During the six months the group's new depots — ex-Firestone Tyre and Rubber — did not achieve the level of sales anticipated and the launching costs affected group profits, the directors state.

They add, however, that the investment made in this expansion programme has established a strong national network which will enable the company to *further increase market share* when business picks up.

The initial losses incurred from these depots, combined with a reduction in margins because of lower prices offered as companies endeavoured to run down stocks, further affected profitability.

Current trading indicates that these trends are continuing in the second half of the year.

The interim dividend is effectively maintained at 0.682p net per 10p share—last year's total was an adjusted 1.36p paid from a pre-tax surplus of £4m.

Above the line investment and other income was £248,000 against £7,000, there was an exchange gain of £293,000 (nil), and the employee share scheme took £38,000 (nil). The pre-tax figure was reached after a loss of £11,000 (£40,000 profit) from the discontinued operations.

After tax of £390,000 (£1.06m) net profits were little changed at £1.05m (£1.08m), giving earnings per share of 2.11p (2.5p)—pretax earnings were 2.91p (4.86p).

● comment

Following two years of smart profits growth, Kwik-fit has slipped into reverse. It lashed out £3m last year on 70 more depots and ran smack into reduced demand and vanishing *margins. The share price has* plummeted from its peak of 115p last May and shed another 13p *yesterday to hit 53p.* The story is told in the sales—with its number of depots doubled in the past 12 months, sales advanced by only 14 per cent and profits dropped by 32 per cent. The new depots contributed a £700,000 loss in the six months and the company doesn't expect that loss to lighten much in the second half. Kwik-fit complains that motorists are driving less, *need fewer replacement parts* and are keeping old parts longer. However, the group is sitting on net cash of £3.5m and the maintained dividend on enlarged capital is well covered. Assuming the dividend is held at the final, the shares have a prospective yield of nearly 4 per cent. The company could hit £2.5m pre-tax for the full year, indicating a prospective p/e of nearly 22 which is not unreasonable considering the group's potential for growth once the economy improves.

Strong & Fisher £2.6m rights

Strong and Fisher, manufacturer of clothing and fashion *leathers, is raising* approximately £2.6m net of expenses by the issue of 5.5m new ordinary shares. The offer is by way of a one-for-one rights issue at 50p a share.

The company has announced its trading results for the 53 weeks to July 3 1981. After a loss of £0.57m in the previous year, there was an improvement at the trading level to a profit of £1.19m.

But interest payable remained at £1.9m and after a reduced contribution from associates there was a loss before tax of £0.7m *(£2.4m).*

The accounts show a tax credit of £180,300 as well as *extraordinary credits of* £0.63m, making an attributable profit of £102,800 for the year, compared with a loss of £1.58m. The cost of dividends is shown as £277,100.

Two years of extremely difficult trading form the background to the proposed rights issue. Following the collapse of lambskin and cattle hide prices in 1980, there was a wave of distress selling of finished leather all over the world in the trading period from autumn 1980 to spring 1981. As a major exporter, the company's position was made worse by the high foreign exchange value of sterling.

Management accounts for the first quarter of the current year indicate more satisfactory trading, with a rising trend of orders in the important period from September to November. It is believed that there will be strong demand for the company's products for next year's autumn and winter retail season.

The rights issue is being undertaken to strengthen the company's capital base, weakened by the past two years' trading losses, and allow advantage to be taken of the improved trading conditions which the board foresees.

A final dividend of 2.2p is being recommended and if results justify it, the board intends to maintain the present year's 5p total on the enlarged capital.

As the directors new believe that the company is over the *worst of its trading difficulties,* Mr E. D. G. Davies has decided that it is proper for him to relinquish his position as chairman. Sir Ian Morrow has been elected to the board, and he will succeed Mr Davies as chairman after the annual meeting on December 22.

Certain directors and their families together with some other shareholders have arranged to place the 1.23m new shares allotted to them by way of rights. These shares have been taken up by institutions, including Equity Capital for Industry *(ECI)* which has subscribed for 0.63m shares.

The remaining directors will subscribe for the 13,593 shares to which they are entitled. In addition, London Trust has indicated that it will take up its whole entitlement of 0. shares.

The balance of the issue been underwritten jointly London Trust, ECI, Engl Association Trust and Cou Bank.

● comment

The past two years of fre in the world leather markets enormously increased the str on Strong and Fisher's bala sheet, which has seldom b lightly geared. In the report accounts published yester loans and overdrafts are sho at some £8m, against sh holders' funds of £6.6m. Th in £4m of ECGD facilities, the desire for fresh equity ne no explanation. Although h prices have recovered, and trading picture looks to improving, shareholders i wonder whether they sho increase their exposure. shares dropped to slightly ab the theoretical ex-rights p yesterday, and at 57p (d 11p) they have a prospec yield of about 13 per c always supposing that results not—after all—cause the boar pay less than they now int Despite this persiste generous dividend policy, s shareholders may now welc the prospect of dilution.

More Company News on pages 23, 24, 25 & 26

SHARE STAKES

Centreway Limited—Cer way Trust has acquired further 35,000 ordinary sha total holding now 1,361 (77.4 per cent).

Yarrow and Co — Vi acquired a further 40,000 o ary shares and now l 1,007,500 shares (25.1875 cent).

[الهيئة]

De La Rue hit by Crosfield losses

ER TRADING losses of m at Crosfield Electronics npared with a surplus of m—taxable profits of De La fell 27 per cent from 6m to £10.51m in the half ended September 30 1981.

rnover for the six months ased £10.39m to £81.85m, of h £48.17m was accounted y exports, against £43.35m time.

e interim dividend is being tained at 6.6p net per 25p . Sir Arthur Norman, man, says the directors had ys expected that the out- of the second half would ronger than the first. They still hold this view but recognise that the poor result at Crosfield is bound to reduce their original expectations for the 12 months.

Last year this security printer and supplier of electronic equipment to the printing industry made a total distribution of 21p on pre-tax profits of £33m. Earnings per share for the six months are given as 21.6p (31.7p).

The security side of the business performed extremely well in difficult conditions, Sir Arthur says, producing sales of £77.56m (£62.6m) and trading profits of £11.56m (£6.98m).

Turning to Crosfield, he says the company felt the effects of the world recession more than was expected—even four months ago. Its main problem was the loss of competitiveness of part of its old range of Magnascan Colour Scanners coupled with difficulties of introducing a new range. The effect of the Crosfield losses was to reduce the group's trading margin from 12.5 to 7.6 per cent.

However, orders for Crosfield's new models are being received at a very satisfactory rate and a major recovery is expected in the second half.

Pre-tax profits included group net interest received together with a surplus on central management charges of £1.09m (£1.86m) and associated profits of £3.55m (£4.29m). After tax of £1.68m (£2.01m) and minority debits of £593,000 (£372,000) the attributable profits emerged at £8.24m (£12.08m). Preference dividends took £6,000 (same) and ordinary dividends absorbed £2.51m (same).

The group estimates that current cost adjustments would reduce taxable profits by £4m to £6.5m. The results of overseas subsidiaries and associates were translated into sterling at the half year exchange rates and trading profits of the divisions were calculated after allocating central overheads.

See Lex

A. Arenson dives to near break-even

ROP in sales, from £17.18m 13.98m, combined with the y costs associated with the duction of new product es, virtually eliminated t for the year at A. Arenson dings), office furniture and pment manufacturer.

r the 12 months ended 31 1981 pre-tax profits ped from £1.53m to a near k-even £68,000, following a to £28,000 (£496,000) at half-

Archy Arenson, chairman, that trading is showing no ovement in the first half of current year.

wever, confidence in the ium and long-term future the board to recommend a dividend, although it is ed at 0.705p (1.41p) net ng the total 1.225p (1.93p). e final quarter of the year saw an abnormally low level of sales, the directors state. In the UK, efforts to stimulate business in both the office and domestic furniture divisions, proved less effective than hoped, and sales in the U.S. were disappointing. Other overseas markets performed better, however, than in previous years, they add.

Launch of the group's Genesis range of systems office furniture will have the effect of changing the face of this part of the business, the chairman says. The considerable resources invested in this range will, Mr Arenson feels, bring the company "substantial long term benefits."

Additional plant costing some £160,000 is shortly to be installed on the domestic side to meet a "sudden and dramatic" change in the pattern of demand by the introduction of new products in new markets.

The chairman says that once the recession breaks, the group will be "very well placed in both divisions to take full and immediate advantage of any turnround."

After the year's tax charge of £82,000 (£117,000) there was a loss of £14,000, compared with a £1.41m profit, giving a per share loss of 0.8p (13.83p earnings). Last year's balance was boosted by a £318,000 surplus on revaluation.

● comment

A difficult year for Arenson delivered an extra kick in the final quarter. Although production was held at low levels from an eary stage—averaging some three-fifths of capacity over the year—the company was still taken by surprise when the normal rise in sales failed to materialise in the summer months. The upshot was growth in the stockpile of finished goods to some £7½m, about one and a half times shareholders' funds. At the same time, borrowings naturally increased and capital gearing now stands at about 70 per cent, whereas two years ago it was negligible. Output is budgeted to keep below forecast demand — the forecast being pretty flat for the next few months—while new markets are opened up by a broadening of the product range. If all the plans work out, stocks and gearing will be at much happier levels one year hence; but the internal forecasting will need to be a bit less optimistic than it seems to have been so far. The final dividend-cut leaves the shares yielding just short of 6 per cent at 31p, where Arenson is capitalised at £3m.

Folkes Hefo in deficit and cutting payout

EDUCTION in volumes and sure on profit margins have to pre-tax losses for John es Hefo of £389,000 for the year to June 30 1981, against its of £1.4m. Turnover fell £39.6m to £29.8m.

r Con Folkes, the new chair- of this Midlands engineer- and property company, says ould be wrong to suggest an rovement would take place he second half.

The performance of the p will undoubtedly benefit the actions we are taking," ays, "although the timing of improvement will depend ely on the economic climate.

e interim dividend has been red to 0.35p compared with . The loss per share is given 0.95p, against earnings of . In the last full year a total payment of 1.4p was made from pre-tax profits of £1.35m on turnover of £70.28m.

The charge for tax was £72,000 (nil).

During the period one company has been sold and the workforce reduced by 9 per cent. Mr Folkes says that further reductions in costs are now being made with three loss-making companies being closed and the assets sold.

"It is our intention that the group should emerge from the recession as a slimmer and more efficient organisation," he says. In common with the rest of the engineering industry the company is suffering from the effects of the recession and the recent increase in bank charges, which have caused both a reduction in volumes and pressure on profit margins.

Mr Folkes took over in August when Mr Jim Hearnshaw, the previous chairman, retired after 13 years.

● comment

The news from John Folkes Hefo is not good. Pre-tax losses could hit £500,000 this year, while below the line closure costs are expected to wipe out a further £350,000. Still, the trouble has been largely contained to the engineering activities which turned in a loss, after interest charges, of £850,000. Industrial property has held its profits steady while the housing division made £280,000 in the six months—equal to last year's total contribution. As the division has sold all the houses in stock, however, it's not likely to show a similar advance in the second half. The company sees little signs of improvement this year but has been able to hold down its borrowings to about £5.5m and the balance sheet is not under pressure. Interest payments have come down 35 per cent in the past 12 months. The slimmed down company should produce some £60m in sales, against £70.2m last year. The uncovered dividend signals hope of a return to profitability next year. With the shares down 1½p to 14½p, a similar pay-out at the final would give a prospective yield of 7 per cent. Market capitalisation is £6.8m.

Whitbread £3m higher midway

DESPITE DIFFICULT trading conditions, pre-tax profits of Whitbread and Company improved by £3m in the half year to August 29, 1981, the net interim dividend is being lifted from 2.1p to 2.25p and a one-for-two scrip issue is proposed.

Reporting pre-tax profits ahead from £35.51m to £38.54m, the directors say there are few signs of an upturn in beer trade.

Group turnover advanced from £387.98m to £415.08m, but the directors expect the current trend in beer volumes to continue. Nevertheless, the company is maintaining its trading investment policy, which, with its rationalisation programme, gives confidence that the group will be ready to take its full share of improved trading conditions when the time comes. For the last full year the company made profits of £45.4m and paid total dividends of 6.7p.

First half profits were struck after depreciation of £12.41m (£10.27m) and interest of £6.23m (£9.13m). They included an exchange gain of £161,000 (£40,000 loss) and £2.18m (£1.53m) of income from trade investments.

Tax took £8.93m (£4.42m) for basic earnings of 11.6p (12.28p) per 25p share. After extraordinary items of £219,000 (£255,000) and minority profits of £22,000 (£20,000 losses), the attributable balance came through at £29.81m (£31.36m). Interim dividends cost £5.7m (£5.3m).

The directors report that during the six months competition throughout the industry intensified, and a balance had to be achieved between maintaining market share and keeping up margins.

A cost reduction programme to keep costs in line with the level of trading has necessitated the closure of several production plants.

The company has continued to increase the number of local ales that it produces and these are performing well. However, lager sales have suffered from the general recession.

In the UK spirit sales have also been affected by the recession, but Long John continues its success in the export whisky market.

The Beefeater steak house expansion programme is continuing and its trading profit performance is encouraging.

See Lex

Jessups finishes year with profits of £90,000

Mr A. Jessups, chairman of Jessups (Holdings), motor dealer and vehicle body builder, announces pre-tax profits of £90,382 for the year ended August 31 1981, compared with losses of £250,207, and says it indicates a positive improvement in continuing difficult trading conditions.

At halfway the pre-tax figure was a reduced loss of £20,000 against £77,000. The chairman said then that although trading conditions remained difficult he was optimistic for the future and anticipated a small profit for the full year.

He now explains that the short-term outlook is still beset with problems—high interest rates, strong competition and low margins. "I consider, however, that the long-term prospects remain excellent."

Turnover for the year slipped from £31.69m to £28.68m and after tax of £52,711 (£35,743 ACT), the attributable balance was £37,671 (£285,950 loss) or 0.9p (6.86p loss) per share.

The dividend is unchanged at 2p net per 25p share with a same-again final of 1p—the total will absorb £83,400 (same).

On a CCA basis the pre-tax figure is turned into a loss of £68,000 (£472,000 loss), with a loss per share of 2.9p (12.18p).

Scott & Robertson still in red—omits interim

FOR THE half year ended August 28 1981 Scott and Robertson is still in loss, and the directors consider it prudent to omit the interim dividend.

The loss before tax came out at £186,000, compared with £295,000 in the same period of the previous year and with £151,000 in the second half of that period.

The directors will consider the dividend position in the light of the full results for the current year. In 1980-81 they paid an interim and final of 0.766p each.

Group activites are mainly in the weaving, spinning, extrusion and sewing of industrial textiles.

The investment in injection moulding has not proved successful and the group's involvement in this sector has ended. Full provision for the costs of divesting has been included in extraordinary debits of £250,000. However, no credit for tax relief has been recognised.

In the first half turnover fell from £11.59m to £9.47m, and there was a trading loss of £159,000, against £161,000. To this was added interest paid £81,000 (£192,000) and deducted interest relief grant £54,000 (£58,000).

With a tax credit of £50,000 (£139,000) and after the extraordinary items there was an available loss of £386,000 (£76,000). Loss per share is shown at 2.79p (3.20p).

BROWN & JACKSON

Both major shareholders in Brown and Jackson, London Trust and the National Coal Board Pension Fund, will be taking up their rights allocation.

Mr Lionel Rolfe of London Trust says that although Brown and Jackson has experienced difficult trading conditions, the underlying earnings capacity should show a recovery when the economy begins to move out of recession.

He also reports that London Trust and the NCB Pension Fund have been invited to nominate a director to serve on the Brown and Jackson board. This appointment should be effective from January 1, 1982.

Back to profit at Tern Consulate

Following a slump from profits of £401,448 to pre-tax losses of £194,757 for the whole of last year, Tern-Consulate, shirt, tie and knitwear maker, has come back into the black for the first six months of 1981 with £105,586 pre-tax. This is compared with profits of £32,849.

Mr Peter Barden, chairman, says the adverse trading conditions in the second half of 1980 continued into the first few weeks of the current year, but action taken began to have its effect in the latter months of the first half. And benefits have continued into the second six months, he states.

Compared with a single payment of 0.5p last year, directors announce a 0.7p (nil) interim dividend.

Sales for the first half moved ahead from £3.3m to £3.73m and the pre-tax figure was struck after interest, slightly higher at £100,358 against £97,939.

After non-recurring debits of £4,341 (£26,571) the attributable balance was £101,245 (£6,278)—there was again no tax figure.

YEARLINGS DOWN 1%

The interest rate for this week's issue of local authority bonds is down by one full percentage point to 14½ per cent. The bonds are issued at par and are redeemable on November 17, 1982.

A full list of issues will be published in tomorrow's edition.

Commercial Union Assurance Company Limited

The Board announces estimated and unaudited profits for nine months to 30th September 1981 of £47.1m (1980 £56.7m) after providing for taxation.

	9 months to 30th Sept 1981 Estimate £m	9 months to 30th Sept 1980 Estimate £m	Year 1980 Actual £m
PREMIUM INCOME	1,189.3	907.3	1,171.5
Investment income	150.1	113.4	151.4
Loan interest	(7.2)	(6.6)	(8.6)
	142.9	106.8	142.8
Life profits	13.8	12.1	14.2
Underwriting result (analysis below)	(98.1)	(39.0)	(57.3)
Associated companies' earnings	1.6	1.8	2.5
PROFIT BEFORE TAXATION AND MINORITIES	60.2	81.7	102.2
Taxation and minorities	(13.1)	(25.0)	(23.7)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	47.1	56.7	78.5
EARNINGS PER SHARE	11.45p	13.79p	18.61p
SHAREHOLDERS' FUNDS	£773m	£784m	£769m
UNDERWRITING RESULT	£m	£m	£m
United States	(69.1)	(23.4)	(31.8)
United Kingdom	(1.3)	.6	(2.3)
Netherlands	(6.3)	(2.2)	(3.0)
Canada	(15.7)	(7.6)	(11.9)
Remainder	(5.7)	(6.4)	(8.3)
	(98.1)	(39.0)	(57.3)

High interest rates and depressed economic conditions in the major territories in which we operate have added to the general cyclical downturn in underwriting results world-wide. Nevertheless, the underlying premium growth at 16% remains strong, particularly in the United States and the United Kingdom as a result of well established medium and long term strategies.

In the United States, premium income increased by 23% and the statutory operating ratio was 109.6% (1980 104.9%), showing a slight deterioration during the last quarter. The claims ratio to earned premiums was 74.7% (1980 70.9%) and the expense ratio to written premiums 34.9% (1980 34.0%).

In the United Kingdom, premium growth was 14%. Severe competiton for commercial lines business has continued and adverse experience, particularly in the liability and burglary lines, produced an underwriting loss for the third quarter and for nine months.

The underwriting result for the Netherlands deteriorated due to the continuing high level of fire and liability claims. However, given the nature of this market and the profitability of the life business, we consider the results overall to be satisfactory in the existing difficult economic conditions which have limited non-life premium growth to 2%.

In Canada, severe premium rate deficiencies continue to exist in all major classes, in spite of recent premium rate increases. Further rate increases therefore will be needed to restore profitability. Premium growth was 12%.

The underwriting loss for Remainder reflects poor results in a number of territories in Western Europe and in the marine and aviation business written on the London Market. However, in the Far East an increased profit was achieved.

Investment income, net of loan interest, increased by 34%, but after allowing for the effect of changes in rates of exchange and other factors, the underlying increase was 19%.

The results of the Company's operations have, as usual, been converted at the rates of exchange prevailing at the close of the periods reported. These were as follows:—

	30th Sept 1981	30th Sept 1980	Year 1980
United States	$1.81	$2.39	$2.39
Netherlands	Fls4.64	Fls4.71	Fls5.10
Canada	$2.18	$2.80	$2.85

Insure with Commercial Union Assurance

Control Securities Limited

terim results for the six months ended 30 September 1981

	Six months to 30 Sept. 1981 Unaudited	Six months to 30 Sept. 1980 Unaudited	Year ended 31 March 1981 Audited
oss rental income	201,583	188,343	386,402
her income	1,329,715	670,586	2,189,924
rnover	1,531,298	858,929	2,576,326
ading profit before axation	544,019	278,403	635,690
xation	106,140	150	129,702
ofit after taxation	437,879	278,253	505,988
traordinary items	1,157	—	(693)
	439,036	278,253	505,295
nority interests	1,057	7,665	9,837
ofit for the period	437,979	270,588	495,458
erim dividend	197,699	115,341	307,576
sic earnings per share	3.48p	2.57p	4.63p
lly diluted earnings per share	3.16p	2.20p	3.86p
erim dividend	1.575p	1.05p	2.8p

e directors believe that profits for the current six months ll be in line with those for the first half of the year.

view of the Group's improving profitability, the Board has cided to increase the interim dividend from 1.05p to 1.575p t per share, payable on 22nd January 1982 to shareholders the register on 11th December 1981.

accordance with our previously stated policy of expanding capital base of the Group, it is our intention to capitalise urther proportion of reserve profits by making a bonus issue shares on the basis of one Ordinary share of 10p for every ree Ordinary shares held.

e Board expects to pay a final dividend not less than the erim dividend on the capital as increased by the bonus issue.

BIDS AND DEALS

Raglan returns as property purchaser with £1m deal

BY ANDREW TAYLOR

RAGALAN PROPERTY Trust is making its first property investment purchase since the company was rescued from the property crash of the mid-1970s.

It has agreed to acquire **Dido Investments**, a private company owning a series of shop properties in Carlisle, Ilkeston, Ipswich, Nottingham and Thetford. In a share deal worth just over £1m, Raglan has agreed to issue 13.6m new ordinary shares, increasing its equity base by more than half its current level.

Dido owns properties valued at £1.3m earning a combined rent of £58,500. This will provide Raglan with a net initial yield of 5.7 per cent. Mr David Anderson, Raglan's chairman and managing director, said he expected the properties to command a combined rent of at least £88,000 by December 1984 after rent reviews due shortly.

Raglan has made a good deal of headway since its reconstruction in 1978. Yesterday the group announced that pre-tax profits in the six months to September 30 1981 had risen from £30,029 to £121,743.

In the reconstruction the group decanted debts of more than £27m into two new subsidiaries to be managed by Raglan on behalf of its former creditors. Since then the group has taken on a new lease of life, moving back into development through equity sharing schemes, project management and property management.

Under the terms of the purchase the vendors will retain 1.9m of the 13.6m shares to be issued, representing a 4.7 per cent stake in Raglan. The remaining 11.7m have been conditionally placed at a price of 7½p a share with Kleinwort Benson, M and G Investment Management, Scottish American Investment Company and Northern Securities.

In addition the four institutions have agreed to subscribe for a further 1.3m new Raglan shares to cover the company's cost of the deal amounting to some £97,500.

The four will offer their resulting 13m new Raglan shares to the 12,500 Raglan shareholders on the basis of one new share for every two held at a price of 7½p.

Before the deal Kleinwort Benson was Raglan's largest shareholder with an 8.2 per cent stake representing 2.1m ordinary shares. The deal is subject to an extraordinary meeting in London on November 27. Kleinwort and the Raglan directors, holding a 3.6 per cent stake, say they will vote in favour of the purchase.

Societe Gen. claims 73.9% of Tanks Cons.

The unconditional cash offer made by **Societe Generale Holdings SA**, a subsidiary of Societe Generale de Belgique, for the entire issued ordinary share capital of **Tanks Consolidated Investments** has been accepted in respect of 2,276,894 shares (13.3 per cent).

The parent, its subsidiary and associate companies held 29.96 per cent of Tanks prior to the announcement and during the offer period acquired a further 30.7 per cent. The total number of ordinary shares now held totals 12,688,454 (73.9 per cent) and the offer will remain open for acceptances until further notice.

Grange Trust net asset value estimate

The directors of **Grange Trust** state that in connection with the offer for the ordinary shares by **Courtaulds Pensions Fund** it is estimated that if the formula net *asset value (details of which are* contained in the formal offer document) had been calculated on November 9 1981 it would have amounted to approximately 158p per ordinary stock unit.

Bibby spending £3.4m on industrial services growth

J. Bibby and Sons, the industrial and agricultural group, is expanding its interests into the *area of industrial services* with the acquisition for £3.4m of a private company based in Kendal, Cumbria.

Bibby has agreed to purchase 85 per cent of **Furmanite International**, which provides a range *of specialist maintenance services* in over 40 countries, the main one being the repair of industrial leaks under pressure.

The capital of Furmanite is held by 25 private shareholders, the principal ones being Mr Alan *Forsyth (managing director) and* Mr Crake who, together with family interests, control over 50 per cent of the shares. The remaining 15 per cent of the shares not being acquired by Bibby will be retained by Mr *Forsyth, with Bibby having an* option to acquire them after five years.

Furmanite—which will form the basis of a new industrial services division within Bibby—has achieved an increase in *trading profits from £638,000* in 1978-79 to £1.12m in 1980-81, with turnover reaching a record £14m. Net tangible assets (before minorities) at April 30 1981 amounted to £2.31m.

Furmanite's services are of particular value to large continuous process plants such as petro-chemical installations, oil drilling platforms and power stations where repairs can be carried out without the need to close down the plants.

Furmanite's activities are particularly strong in the U.S. and Canada which contribute 68 per cent of the company's profits. The group has a total of 500 employees, 180 of whom are employed in the UK and 264 by Furmanite's U.S. subsidiary, based in Norfolk, Virginia.

This acquisition gives Bibby a fourth arm to its industrial group and moves it nearer to achieving the stated aim of a 50/50 split in total assets employed between the industrial and agricultural groups. Furmanite raises the percentage of assets employed in the industrial group from 41 to 43 per cent.

Mr Leslie Young, the chairman of Bibby, said yesterday that the group plans to broaden the group's new industrial services interests using Furmanite's existing network particularly in North America. He said that Furmanite's interests in that area were a "big attraction" to Bibby.

Mr Young said the group had other acquisitions in its sights in the industrial services field. Elsewhere the group planned to *continue the development of the* hospital laboratory supplies side of the group which he said would be "a major area of investment" in the future.

The group was always looking for opportunities on the *agricultural side but scope for* expansion here was limited, said Mr Young.

The consideration for the acquisition will be satisfied by a mixture (at the option of the Furmanite shareholders) of cash, *Bibby 10 per cent unsecured* loan notes 1986 at par and up to £200,000 worth of Bibby ordinary *shares.*

Completion of the acquisition of Furmanite—which is being advised by Energy Finance and *General Trust—is expected to* take place in about three to four weeks' time. Bibby is being advised by N. M. Rothschild.

DAVID HUME

Following the close of its offer for **Scottish Ceylon Tea Company, David Hume Securities** has acquired a further 10,000 shares making its holding 643,720 (67.93 per cent).

Oxley offshoot sold out of receivership

Morrison and Gibb, the Edinburgh-based printing business subsidiary of the Oxley Printing Group, has been sold out of receivership to Clark Constable, part of the Maclehose group.

The new owners will take *control on November 30 and the* purchase price will be worked out according to a formula based on the situation of the business at that date. Touche Ross and Co. are receivers.

SHARE STAKES

Amber Day reports the following beneficial acquisitions by directors: C. Ellis 35,000; R. Metzger 135,000; A. Sampson 10,000; A. Zeff 40,000; M. Zeff *40,000.*

The company also reports the following non-beneficial acquisitions: R. Metzger 160,000; J. W. Rose 50,000 shares.

Aquis Securities — H. C. Quitman, director, disposed of *15,645 shares at 26p on October* 26 1981.

Tozer Kemsley and Millbourne (Holdings)—Mass development company BEC of Bahrain, following a purchase of 150,000 shares on November 5 are *interested in 3.23m ordinary* shares (6.01 per cent).

Eagle Star Holdings — On October 9 the Marquess of Linlithgow, director, acquired a non-beneficial interest in 10,650 ordinary shares.

Lord Linlithgow ceased to have an interest in 4,112 ordinary shares on March 18 1980. These shares were held non-beneficially.

Ayrshire Metal Products—Mr D. R. Moon, deputy managing director, acquired *10,000* shares.

Appleyard Group of Companies—J. Sainsbury pension and death benefit scheme has recently increased its holding of ordinary shares to 450,000 (5.63 per cent).

Hestair *reports the sale of* 100,000 shares by Mr R. Raworth, director.

Black and Edgington—Mr J. F. Nash, director, reports that his beneficial interest has been reduced by the sale of 50,000 *ordinary stock units.*

Oil and Associated Investment Trust—Scottish Equitable Life Assurance Society acquired 120,000 ordinary, 1.2 per cent, and now hold 930,000 ordinary shares.

Petrocon Group—Mr P. G. P. Hodgson, chairman, has acquired a further non-beneficial holding of 10,000 ordinary shares. The total non-beneficial holding is now 110,000 shares.

Moran Tea Holdings—Arthur Bartfeld Group now hold 30,200 ordinary shares (8.63 per cent).

Carrington Viyella—Mr J. L. Hewitt, director, has acquired 5,000 ordinary shares.

Globe and Phoenix Gold Mining Company — African Lakes Corporation has acquired 5,000 shares making a holding of 215,573 shares (24.41 per cent). B. S. Cleminson, director, has acquired 5,000 shares.

Bath and Portland Group — J. A. G. Clarke and G. R. A. Metcalfe, directors, have purchased 3,000 and 5,000 ordinary shares respectively.

City Site Est. raising £1.2m on USM

A SMALL Scottish property company, City Site Estates, is joining the Unlisted Securities Market following a placing of ordinary and preference shares raising just under £1.2m. The money will be used to expand its commercial property holdings.

James Finlay Corporation has placed 1.25m ordinary 25p shares at 35p each and 2.5m 10 per cent convertible cumulative redeemable *preference shares of* 20p at 30p each with a mixture of institutions and private clients of Finlay and Parsons and Company—brokers to the issue.

City Site was formed in 1973 as a private property company by *Mr Nathaniel* Goodman, the present chairman, and his son, Mr Louis Goodman, aged 30, the present managing director who is the company's sole full-time employee.

The portfolio mainly consists of shop properties in Scottish towns and cities. These are predominantly let to multiple retailers on full repairing and insuring leases with regular rent reviews.

An independent valuation of the company's portfolio shows a present market value of £1.96m, with an existing rent of £138,205 per annum and an estimated current rental value of £218,450. The directors say that there are substantial reversions which will materialise in the *years 1983 and 1985 and there-*after.

The object of the placing is to finance an expansion of the investment portfolio with a particular emphasis on shop and office properties. Of the £1.19m *net proceeds (all new money for* the company), £600,000 is already committed in respect of two major acquisitions.

City Site intends to acquire Baltic Chambers for £450,000.

The company's record shows a *growth in rental income during* the years April 1977 to April 1981 from £5,698 to £93,251. Over the same period the company has moved from a loss of £1,470 to a £3,691 profit having hit a peak of £12,330 in 1978-79. In the *period from April to September* this year City Site produced a profit of £4,423.

The directors say that rental income is increasing and they believe the investment policy is proving successful.

They are forecasting that profit for the year ending September 30 1982 will amount to not less than £140,000.

On this basis an interim dividend of 0.25p will be paid followed by a similar final payout.

City Site is thus coming to the USM on a prospective p/e of 58.1, an ordinary dividend yield of 2 per cent and a preference yield of 8.7 per cent. The preference shares are convertible into the ordinary between 1987 and 1995 on the basis of five for four.

A pro forma balance sheet after the issue and acquisition of Baltic shows total assets of nearly £2.6m. Net assets per share equate to 56.43p undiluted or 45.3p fully diluted.

Cater Ryder

The interim dividend of bill broker and banker **Cater Ryder and Company** is being maintained at 4.2875p net per £1 share for the half year to October 31 1981.

The directors say trading conditions were difficult during the six months with interest rates at unexpectedly high levels. The results were therefore disappointing compared with last time.

Though the second half has already started off on a better note they say it remains to be seen if the improvement will be sustained.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Irish Banks, Applied Computer Techniques, Associated British Foods, Chloride, Chubb, External Investment Trust, King and Shaxson, H. C. Slingsby, Transatlantic and General Investments, Thomas Warrington, Wire and Plastic Products.

Finals: Allied London Properties, Bellway, British Sugar, Herman Smith, "W" Ribbons, Wilshaw Securities, Wolseley-Hughes.

FUTURE DATES

Interims—
Associated Leisure .... Nov
Black Arrow .... Nov
Bromsgrove Casting and Machining .... Nov
Electric and General Invest. .... Dec
Renold .... Nov
The Times Veneer .... Nov
Vinten .... Nov
Wilson Investment .... Nov

Finals—
Caravans International .... Nov
Clyde Blowers .... Nov
Devenish (J. A.) .... Dec
North Midland Construction .... Nov
Ranks Hovis McDougall .... Nov

† Amended.

LONDON TRADED OPTIONS

Nov. 10 Total Contracts 1219. Calls 842. Puts 377.

Option	Exercise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	300	26	—	36	11	46	—	306p
BP (c)	330	15	15	—	—	—	—	"
BP (c)	360	5	1	—	—	—	—	"
BP (p)	280	7	14	15	5	—	—	"
BP (p)	300	12	6	30	—	36	—	"
CU (c)	130	15	5	19	—	25	—	135p
CU (c)	140	10	7	13	—	17	—	"
CU (c)	160	5	5	9	—	—	—	"
Cons. Gld (c)	500	30	4	60	—	53	—	490p
Cons. Gld (c)	550	9	6	25	2	37	—	"
Court'lds (c)	50	12½	1	15	1	17½	—	59p
Court'lds (c)	60	5½	50	8	1	12	—	"
Court'lds (c)	80	1½	7	—	—	—	—	"
GEC (c)	650	95	6	130	—	150	—	737p
GEC (c)	700	55	2	90	—	112	—	"
GEC (c)	750	29	50	60	—	82	—	"
GEC (c)	850	6	—	18	84	—	—	"
Gr'd Met. (c)	160	19	1	28	—	34	—	171p
Gr'd Met. (c)	180	9	3	17	2	24	—	"
Gr'd Met. (c)	200	3	1	7	12	—	—	"
Gr'd Met. (p)	140	4	10	6	—	9	—	"
Gr'd Met. (p)	160	11	—	14	—	18	5	"
Gr'd Met. (p)	180	19	—	25	2	27	—	"
Gr'd Met. (p)	200	32	12	34	50	—	—	"
ICI (c)	280	17	4	24	6	34	—	278p
ICI (c)	300	9	52	14	15	—	—	"
ICI (p)	240	5	2	9	—	12	—	"
ICI (p)	260	11	35	20	—	22	—	"
ICI (p)	280	18	24	28	—	30	—	"
ICI (p)	300	28	5	38	—	—	—	"
Land Sec. (c)	288	33	10	—	—	—	—	318p
Land Sec. (c)	312	17	2	—	—	—	—	"
Shell (c)	330	60	2	64	—	82	—	384p
Shell (c)	360	36	1	50	—	63	—	"
Shell (c)	390	17	60	32	25	42	2	"
Shell (p)	330	6	2	8	—	15	—	"
Shell (p)	390	22	14	30	—	38	—	"
Shell (p)	420	40	22	42	4	—	—	"
		November		February		May		
Barclays (c)	420	20	—	43	2	48	—	436p
Barclays (c)	460	2	—	20	2	27	—	"
Imperial (c)	60	4	19	8	6	8½	—	64p
Imperial (c)	70	1	10	3½	10	4½	2	"
Imperial (p)	70	7½	—	8	—	9	5	"
Lasmo (c)	500	8	—	45	5	67	—	478p
Lasmo (c)	550	2	1	25	—	37	—	"
Lasmo (c)	600	1	—	15	10	27	—	"
Lonrho (c)	70	8	—	12	1	15	1	77p
Lonrho (c)	80	2	3	7½	65	9	2	"
Lonrho (c)	90	1	—	4	—	6	5	"
Lonrho (p)	80	4½	—	7½	50	11	3	"
P & O (c)	110	17	4	22	22	28	6	125p
P & O (c)	120	8	26	18	6	24	—	"
P & O (c)	130	5	20	13	23	17	—	"
P & O (c)	140	2½	24	10	18	14	—	"
P & O (c)	160	1½	40	—	—	—	—	"
Racal (c)	390	22	7	45	—	60	—	408p
Racal (c)	420	6	25	26	5	42	—	"
Racal (p)	330	1	—	8	4	—	—	"
Racal (p)	390	8	8	25	—	32	—	"
Racal (p)	420	18	10	38	15	42	67	"
Racal (p)	460	57	—	60	5	63	3	"
RTZ (c)	460	20	15	55	1	72	—	477p
RTZ (c)	500	7	3	35	2	50	4	"
RTZ (c)	550	1	3	22	1	32	1	"
RTZ (c)	600	1	—	12	—	20	1	"
RTZ (p)	600	55	—	40	4	44	—	"
Vaal Rfs. (p)	70	7	—	8½	3	8½	—	$63

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	10	7	3	30	—	—	$421
GOLD C	$475	—	—	—	—	5	—	"
GOLD C	$500	—	—	1	7	—	19	"
GOLD P	$400	10	1	—	—	—	—	"
GOLD P	$425	11	9	10	20 B	—	—	"
GOLD P	$450	13	30	—	—	—	—	"
		Jan.		April		July		
ABN C	F.300	10	3.20	1	7	—	—	F.283
AKZO C	F.20	10	3.50	—	—	—	—	F.22.
AKZO C	F.22.50	275	1.70	10	2.50	4	3	"
AKZO C	F.25	37	0.70	23	1.50	16	2	"
AKZO C	F.27.50	—	—	3	0.70	—	—	"
AKZO P	F.20	40	0.40	—	—	7	1	"
AKZO P	F.22.50	46	1.30 A	—	—	2	2	"
AKZO P	F.25	6	3.30	—	—	—	—	"
AMRO C	F.50	—	—	—	—	10	6.20	F.53.
AMRO C	F.55	42	1	—	—	—	—	"
HEIN C	F.50	13	1	—	—	—	—	F.45
HOOG P	F.15	—	—	—	—	3	1.70	F.14.
IBM P	$50	5	⅞	—	—	—	—	$51
KLM C	F.80	10	17.50	—	—	—	—	F.94
KLM C	F.90	222	11	—	—	—	—	"
KLM C	F.100	25	7.20 A	—	—	—	—	"
KLM C	F.110	9	3.80	9	8	—	—	"
KLM C	F.120	52	1.70	2	4.50	—	—	"
KLM C	F.140	130	0.90	—	—	—	—	"
KLM C	F.150	13	0.30	—	—	—	—	"
KLM P	F.90	244	4.10	—	—	16	9.50	F. 94
KLM P	F.100	5	9	—	—	—	—	"
NEDL C	F.140	12	13 B	—	—	—	—	F.148
NEDL C	F.150	35	7	17	10	—	—	"
NEDL C	F.160	41	2.30	38	6.20	—	—	"
NEDL P	F.130	25	0.80	—	—	—	—	"
NEDL P	F.140	71	1.50	—	—	—	—	"
NEDL P	F.150	31	5	—	—	—	—	"
NEDL P	F.160	25	12.50	—	—	—	—	"
NATN C	F.115	—	—	10	2.50	—	—	F.108
PHIL C	F.20	140	0.90	6	1.80	—	—	F.19.
PHIL C	F.22.50	175	0.40	81	0.80 B	10	1.20	"
PHIL C	F.25	4	0.20	38	0.40	—	—	"
PHIL C	F.27.50	130	0.10	—	—	—	—	"
PHIL P	F.17.50	45	0.40	—	—	—	—	"
PHIL P	F.20	37	1.40	85	1.70	—	—	"
PHIL P	F.22.50	10	3.30 A	—	—	—	—	"
POLA C	$25	4	⅛	—	—	—	—	$20⅞
RD C	F.80	—	—	7	10	—	—	F.82.
RD C	F.90	45	2	6	5.80	—	—	"
RD C	F.100	20	0.60	—	—	—	—	"
RD P	F.80	11	2.50	8	4 B	—	—	"
RD P	F.90	—	—	3	8 B	3	10	"
UNIL C	F.140	54	9.80	—	—	—	—	F.148
UNIL C	F.150	55	5.10	7	8.80 A	—	—	"
UNIL C	F.160	79	2.20	5	4.40 A	—	—	"
UNIL P	F.140	42	2.40	—	—	—	—	"
		Nov.		Feb.		May		
BOEI P	$25	—	—	8	2	—	—	$24¼

TOTAL VOLUME IN CONTRACTS 2786

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15 %	■ Guinness Mahon	15
Allied Irish Bank	15 %	■ Hambros Bank	15
American Express Bk.	15½%	Heritable & Gen. Trust	15
Ambro Bank	15 %	■ Hill Samuel	§15
Henry Ansbacher	15%	C. Hoare & Co.	†15
■ Arbuthnot Latham	15½%	Hongkong & Shanghai	15
Associates Cap. Corp.	15 %	Knowsley & Co. Ltd.	15½
Banco de Bilbao	15 %	Lloyds Bank	15½
BCCI	15 %	Mallinhall Limited	15
Bank of Cyprus	15 %	Edward Manson & Co.	16½
Bank of N.S.W.	15 %	Midland Bank	15
Banque Belge Ltd.	15½%	■ Samuel Montagu	15
Banque du Rhone et de la Tamise S.A.	15½%	■ Morgan Grenfell	15
Barclays Bank	15 %	National Westminster	15
Beneficial Trust Ltd.	16 %	Norwich General Trust	15
Bremar Holdings Ltd.	16 %	P. S. Refson & Co.	15
Bristol & West Invest.	17 %	Roxburghe Guarantee	16
Brit. Bank of Mid. East	15 %	E. S. Schwab	16
■ Brown Shipley	15½%	Slavenburg's Bank	15
Canada Perm't Trust	16 %	Standard Chartered	‖15
Cavendish G'ty T'st Ltd	16 %	Trade Dev. Bank	15
Cayzer Ltd.	16 %	Trustee Savings Bank	15
Cedar Holdings	16 %	TCB Ltd.	15
■ Charterhouse Japhet	15 %	United Bank of Kuwait	15
Choulartons	16 %	Whiteaway Laidlaw	16½
Citibank Savings	¶15 %	Williams & Glyn's	15
Clydesdale Bank	15 %	Wintrust Secs. Lt.	15½
C. E. Coates	16 %	Yorkshire Bank	15
Consolidated Credits	15½%		
Co-operative Bank	*15 %		
Corinthian Secs.	15 %		
The *Cyprus* Popular Bk	15 %		
Duncan Lawrie	15 %		
Eagil Trust	15 %		
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	15 %		
Grindlays Bank	‡15 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.80%.

† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.

‡ Call deposits £1,000 and over 13%.

§ Demand deposits 13%.

‖ 21-day deposits over £1,000 14%.

¶ Mortgage base rate.

...irst-half growth ...nd dividend lift ...rom Hill Samuel

...I IMPROVED operating ...ts from all five divisions, Hill Samuel Group has ...ved a £1.3m advance to ...m in net taxed profit for ...half year ended September ...81.

...is is the first time that in... figures have been pub...d, and the directors ...asise that results for any ...cular six months should not ...sarily be regarded as in...ive of the outcome for any ...equent period. However, ... feel these results are ...uraging, having been ...ved against a background ...ery differing conditions in ...group's various markets.

...rnings for the half year are ...d from 9.37p to 10.73p, and ...interim dividend is lifted ... 2.2p to 2.5p net. In the full ... ended aMrch 31, 1981 earn... were 17.37p and the total ...end was 7p.

...er minorities and transfer ...ntingencies reserve, the dis...d banking profit for the half ... has shown some improve..., from £5.76m to £6.07m. ... after investment losses of ...000 this time (profit ...000) the balance is down ... £6.08m to £5.73m.

...ures from life and invest... management have trebled ...1.03m (£324,000), in em...e benefit services there has ... an increase from £763,000 ...£1.38m, and in shipping ...ces and other activities from ...000 to £884,000.

On the insurance broking side losses have been reduced substantially from £605,000 to £262,000, while central costs including interest are up by £364,000 to £1.41m.

The profits are stated before exchange differences and extraordinary items.

● comment

Hill Samuel has broken new ground for a merchant bank by producing actual figures at the halfway stage rather than the numberless statement that has been traditional. The banking figures remain only partly disclosed—being struck after the usual transfer to hidden reserves—but there is full information on the remainder of the group. Overall the group has made good progress, especially on the fund management and employee benefit sides, benefiting mainly from higher share values and business growth, respectively. Insurance broking continues to struggle, but the losses have been halved. In banking the group has performed well on the money market and foreign exchange side, and margins have improved in specialist areas of commercial lending like shipping finance, but one or two special items which boosted last year's outturn have failed to recur and there have been losses on gilts and on underwriting certain Eurobond and bulldog issues. At 147p the shares look soundly placed on a prospective yield of at least 7.2 per cent.

...ewman-Tonks at £1.44m ...ter better second half

...ER A £602,000 setback at ... midway stage to £520,000 ...man-Tonks Group made up ... of the lost ground in the ...nd six months and for the ... as a whole to July 31 1981 ...ble profits of this metal ...ware manufacturer came ...ugh at £1.44m, compared ... £1.87m.

...r the current year Mr M. L. ...Wright, the chairman, says ...gets "are encouraging" for ... companies in the group.

...urnover for the year under ...ew declined from £37.34m to £35.78m and trading profits fell back to £2.3m (£3.29m) after providing £240,000 stock write-down on discontinued items. More than 30 per cent of group profits were contributed by overseas companies.

The pre-tax surplus was after interest charges slightly lower at £859,000, against £993,000—last year's figure included a share of losses of an associate of £120,000 and also took account of exceptional debits of £309,000.

Tax took £268,000 (£414,000) of which the UK accounted for £88,000 (£315,000). After minorities of £74,000 (£68,000) the attributable balance emerged at £1.1m (£1.39m).

Stated earnings per share were lower at 5.88p (7.74p). Calculated on the basis of a notional tax charge of 52 per cent of profit they were 3.3p (4.63p).

A same-again final dividend of 3.45p maintains the net total at 5.1p per 25p share.

There were extraordinary debits of £411,000 (£779,000) which comprised ACT written off not being immediately recoverable. Transfer from reserves totalled £266,000 (£548,000).

...N

...mber 10	Price %	+ or −
... Bilbao	330	
... Central	325	
... Exterior	310	
... Hispano	316	
... Ind Cat	117	
... Santander	382	
... Urquijo	216	
... Vizcaya	352	+3
... Zaragoza	220	
...dos	180	+6
...ola Zinc	70	
	70.2	
... Preciados	32	
...la	82.7	+0.2
...uero	59.7	+0.2
...leos	99.5	−1.5
...lber	82	
...iso	51	
...nica	76	−2
... Elect.	76.5	

Peters Stores in loss

SECOND-HALF taxable losses of £424,000, against £85,000 last time, brought the figure for the year to June 27, 1981, for Peters Stores to a deficit of £258,000. Last year a surplus of £687,000 was struck. Turnover was up at £10.62m, compared with £8.37m.

The final dividend of this Tyne and Wear-based leisure-wear retailer is being missed, after a maintained interim of 1.5p net per 10p share. Last year a total of 3.5p was distributed. Losses per share for the 12 months are given as 2.77p (19p earnings) and net assets as 229p (196p).

The directors say the retail division performed very poorly in the second half but is now back in profit. However the outlook remains uncertain as the recession deepens.

The property division will show the results of its investment and development programme in the current year, they say. Revaluation of the group's long leasehold properties produced a surplus of £1.18m which was added to reserves. The group's property assets are now valued in excess of £10m.

The taxable losses of this close company were struck after a surplus on property sales of £44,000 (£619,000) and interest charges of £216,000 (£200,000). There was a tax credit of £168,000 (£78,000 charge) leaving attributable losses of £89,000 (£609,000 profits).

Euston Centre makes headway at midterm

Taxable profits of Euston Centre Properties advanced from £2.02m to £2.84m in the six months to September 30, 1981. Tax for the period took £1.47m compared with £1.05m.

In the last full year, the company, which is jointly held by Stock Conversion and Investment Trust and George Wimpey, made profits of £4.64m.

CAPITAL GEARING REDUCES LOSS

For the six months ended October 5 1981, Capital Gearing Trust, investment trust, incurred a pre-tax loss of £2,461, compared with £3,141.

Income amounted to £37,675 against £36,919, and the pre-tax figure was after expenses, including interest of £33,750 (£40,060).

After tax of £542 (nil) and an overseas subsidiary loss of £24,856 (£10,644), the attributable deficit came out much higher at £27,859, against £13,785 previously.

As at October 5 1981 net asset value per 25p share was 54p, compared with 61.76p a year earlier.

No dividends on ordinary shares have been paid since 1974.

Erskine House makes recovery at six months

AS PREDICTED in the chairman's report for 1980-81 Erskine House Investments moved back into profit for the six months to September 30 1981, the pre-tax figure emerging at £70,053 compared with a deficit of £49,064.

Mr Graham Dowson, the chairman, says that in his statement accompanying the recent report and accounts for the past year he outlined a number of changes including the divestment of the Erskine Uvasun sun tanning subsidiary, certain property disposals and the reorganisation of the board.

He had also promised a return to profit by the interim stage and says the figures now reported represent a turnround of more than £500,000 since the year end.

The chairman adds that he expects the two remaining operating subsidiaries, Erskine Bureaux and PPR Security Group to produce continuing profits in the future.

Turnover for the six months slipped from £8.85m to £8.48m and the pre-tax surplus was struck after interest charges lower at £55,986 (£67,611).

There was no tax charge for the period (same) in view of group tax losses brought forward.

Stated earnings per 25p share were 2.21p, compared with a loss of 1.54p. However, there is again no interim dividend—the last dividend was a final of 1.18p net for 1979-80 which made a total of 2.18p.

The directors have recommended that opportunity should be taken to apply to the court for approval of a reduction in the share premium account in order to facilitate payment of future dividends.

Capital for Industry became a 28.8 per cent shareholder in the group in April.

KCA INTERNAT.

Overall trading by KCA International in the third quarter of 1981 indicates that the full year's results will be in line with forecasts made in June on taxable profits of not less than £4.6m, Mr Paul Bristol, chairman, says in his quarterly review.

Northern Goldsmiths falls sharply to £43,700

A SLUMP in first-half pre-tax profits is shown by Northern Goldsmiths for the period up to August 31 1981. The pre-tax figure fell from £220,900 to £43,700 on higher turnover of £8.59m, compared with £7.58m previously.

"Trading in the jewellery division is still very difficult," says Mr I. Wilson, chairman of this holding company in retail jewellers, bookmaking services and finance. "With no sign of an end to the recession in sight, current conditions seem likely to continue."

The jewellery division made a loss for the period of £104,300, compared with a profit last time of £32,600. "The half year trading loss should not necessarily be taken as an indication of the year as a whole," says Mr Wilson. "Much will depend on the Christmas trading and in the current state of the economy this is impossible to predict."

The bookmaking and finance division continued to trade satisfactorily, showing pre-tax profits down to £148,000, against £188,300 last time.

In his annual statement in June the chairman stated that the turnover in the bookmaking division was ahead of budget. With continued control of overheads and given no adverse circumstances he anticipated an increased profit contribution from this division.

Although the bookmaking division's profit fell at the half year, this was due to two months of dry weather resulting in small fields and more predictable racing results. The position has since improved and the year's profit is expected to compare favourably with that of last year.

The interim dividend is repeated at 0.85p. In the last full year a total of 3.51p was paid from pre-tax profits of £382,725 (£648,330) on turnover of £16m (£13.2m). The charge for taxation this time was lower at £22,700, compared with £110,600.

...ondon Clearing Banks' balances

at October 21, 1981

TABLES below provide the first ...thly indication of the trends of bank...ing and deposits, ahead of the more ...prehensive banking and money ...ly figures published later by the ... of England. Tables 1, 2 and 3 ... prepared by the London clearing ...s. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

...LE 1. ...REGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
...BILITIES				
...ling deposits:				
...K banking sector	7,710		+299	
...K private sector	45,047		+850	
...K public sector	804		+261	
...erseas residents	5,194		−175	
...rtificates of deposit	2,099		+120	
		60,854		+1,354
...of which: Sight		20,253		+402
Time (inc. CD's)		40,601		+952
...ign currency deposits:				
...K banking sector	13,609		+581	
...her UK residents	3,479		+345	
...erseas residents	27,366		+1,137	
...rtificates of deposit	2,515		+211	
		46,969		+2,274
...l deposits		107,823		+3,628
...r liabilities*		13,934		+336
TOTAL LIABILITIES ...		121,756		+3,964
...ETS				
...ling				
...sh and balances with Bank of England		1,268		−181
...arket loans:				
Discount market	2,413		−217	
UK banks	9,607		+442	
Certificates of deposit	1,476		+183	
Local authorities	1,366		+30	
Other	1,716		+113	
		16,578		+551
Bills:				
Treasury bills	386		−69	
Other bills	1,364		+105	
		1,750		+35
Special deposits with Bank of England		—		—
Investments:				
British Government stocks ...	2,697		−20	
Other	2,219		+8	
		4,916		−11
Advances:				
UK private sector	36,612		+873	
UK public sector	515		+141	
Overseas residents	3,359		+104	
		40,486		+1,118
Other sterling assets*		7,870		+332
Foreign currencies				
Market loans:				
UK banks and discount market	12,389		+634	
Certificates of deposit	268		−64	
Other	19,908		+780	
		32,565		+1,350
Bills		52		−2
Advances:				
UK private sector	2,842		+130	
UK public sector	447		+38	
Overseas residents	10,366		+358	
		13,654		+527
Other foreign currency assets*		2,616		+246
TOTAL ASSETS ...		121,756		+3,964
Acceptances		1,246		+99

* Includes items in suspense and in transit.

...LE 2. INDIVIDUAL GROUPS ...F BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
...BILITIES												
...tal deposits	107,823	+3,628	30,949	+834	17,861	+548	22,201	+660	33,683	+1,431	3,128	+155
...SETS												
...sh and balances with Bank of England	1,268	−181	407	−58	200	−67	235	−37	388	−9	39	−10
...arket loans:												
UK banks and discount market ...	24,408	+859	6,908	+244	2,992	+291	3,686	+16	10,079	+209	744	+99
Other	24,734	+1,042	7,328	+519	4,903	+7	4,209	+45	7,524	+411	771	+60
...lls	1,802	+33	397	−103	494	−31	355	−8	509	+154	48	+21
...itish Government stocks	2,697	−20	752	−76	497	−4	778	+42	618	+42	52	−22
...dvances	54,141	+1,645	15,936	+508	9,429	+357	12,237	+330	14,967	+428	1,572	+23
...BLE 3. ...GIBLE LIABILITIES (Parent banks only)	37,003	+500	11,590	−152	6,021	+106	8,581	+46	9,544	+482	1,267	+18

...e formula for calculating eligible liabilities was changed on a transitional basis as from 20th August 1981. It is not possible, therefore, ... calculate accurately the change on month.

MINING NEWS

Unions stopping exports of Ranger's uranium

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIAN trades union objections to the shipment of uranium out of the country are preventing exports from the Ranger mine of **Energy Resources of Australia (ERA)** in the Northern Territory which has now just about reached full production. As already reported, it has secured sales contracts for almost all of its capacity.

Each holding a stake of 30.5 per cent in ERA are **Peko-Wallsend** and **EZ Industries**. Sir Edward Cohen, the chairman of EZ, said at the company's Melbourne meeting that efforts to ship yellowcake (uranium oxide) through Darwin had failed because Waterside Workers Federation members had refused to load the material.

However, it is understood that the Northern Territory government is making preparations to use non-union labour to shift about 300 tonnes of yellowcake from Ranger which have been on the wharf at Darwin for a month.

Sir Edward told the meeting that EZ is still operating at a profit despite the fall in metal prices which are expected to improve next year.

In the short term the company's 15 per cent stake in North **Broken Hill Holdings** should provide some stability to the EZ profit base, he said, while the ERA holding is expected to produce dividend income in the year to June 1983.

That financial year should also bring a first contribution to earnings from the planned Elura lead-zinc-silver mine at Cobar, in New South Wales.

Earlier this year it was reported that the new mine was due to be completed in December 1982 and with proven ore reserves of 27m tonnes would have an annual output capacity of 1.1m tonnes.

This would give a yearly production of about 100,000 tonnes of lead-zinc concentrates and 130,000 tonnes of zinc concentrates.

Sir Edward also brought up to date the ore reserve position at the promising Golden Grove copper-zinc prospect in Western Australia. This is a joint venture involving EZ, Esso Australia and America's Amax each with a stake of just over 31 per cent and Aztec Exploration with 6.5 per cent.

Golden Grove holds two main ore deposits, Gossan Hill and Scuddles. Ore reserves at Gossan Hill have been increased to 16.7m tonnes of which 15m tonnes have a good copper grade of 3.44 per cent with 14 grammes silver per tonne. The remaining 1.7m tonnes are in zinc lode averaging 14 per cent zinc and 87g silver.

First ore reserve figures are given for Scuddles and total 22.5m tonnes. They are split as to 7.9m tonnes in the zinc zone grading 9.3 per cent zinc with 69g silver; 5.4m tonnes in the copper zone grading 2.1 per cent copper; and 9.2m tonnes in the merged zone grading 1 per cent copper, 8.6 per cent zinc, 79g silver and 1.8g gold.

The chairman said that development planning is continuing at Golden Grove but he added that in view of the currently depressed metal prices it was possible that there would be a delay before the start of underground testing.

Shares of EZ eased 5p to 265p yesterday.

Bleak outlook for Noranda

THE IMMEDIATE outlook for earnings of **Noranda Mines**, Canada's leading natural resources group, is bleak, the company said yesterday. This statement followed the release of Noranda's results for the third quarter, showing a net profit of C$27m (£12m) against C$135.9m last time.

These figures, which included an extraordinary gain of C$41.7m from the sale of Noranda's stake in **British Columbia Forest Products**, masked the company's first operating loss in almost 30 years.

Noranda added that fourth-quarter operating results should be somewhat better than those of the third quarter, but they "will nevertheless be totally unsatisfactory," reports **John Soganich** in Toronto.

The directors said they could see no significant improvement during the first half of next year, and that the best that can be hoped for is an economic recovery during the second half of 1982.

For the first nine months of the current year, net profits were C$208m or C$1.87 a share, against C$322m or C$3.21 a share in the corresponding period of 1980. Only C$89m of this figure came from operations, with the remainder supplied by gains on the sale of investments.

High interest rates and depressed economic conditions resulted in extremely weak demand for virtually all of Noranda's products, and in constant dollar terms, prices are now generally well below the levels that prevailed even during the 1975/77 recession.

The group's mining, metallurgical and forest products operations were worst hit, but even the manufacturing interests did less well than a year ago.

In addition, strikes and interruptions to production in the British Columbia forest products operations, at the Horne smelter and at the Tara mine in Ireland cost the group some C$21m in the quarter, while write-downs of molybdenum stocks cut net earnings by a further C$12m.

Increased gas flows

INCREASED GAS flows have been recorded in two gas discovery wells drilled in Australia's Cooper Basin and Surat Basin.

The Wanara 1 well drilled in the Nappacoongee-Murteree area of South Australia's Cooper Basin has flowed gas at rates of about 2.2m cubic feet a day from the interval between 6,160 to 6,174 ft. On Monday the well flowed gas at about 5.3m cubic feet a day from the interval between 6,072 to 6,136 ft.

Further tests are being carried out at the well in which Santos has a 35 per cent interest, Delhi Petroleum 21 per cent, Crusader Resources, 30 per cent, Vamgas 7 per cent, and South Australian Oil and Gas 7 per cent.

The second well, the Avondale 1 drilled in Queensland's Surat Basin, has produced gas at rates of 3.7m cubic feet a day from the interval 1,407 metres to 1,415 metres; on Monday the well flowed 5m cubic feet a day from the interval 1,415 to 1,423 metres.

CSR's wholly-owned subsidiary AAR has a 42.5 per cent interest in Avondale 1. Australian Aquitaine Petroleum has 37.5 per cent, Hartogen Energy 12.5 per cent and IOL Petroleum 7.5 per cent.

Amcoal's growing earnings

CHEERFUL READING is pr[ovi]ded by the results for the ni[ne] months to September 30 [of] Anglo American Coal Corp[ora]tion (Amcoal). Net profits ha[ve] risen to R83.3m (43.2m) or 3[20] cents (176p) per share, fr[om] R58.2m in the same period last year.

Furthermore, Amcoal says t[hat] the rate of increase in earni[ngs] per share (29 per cent u[p]) should be at least maintai[ned] during the next six month[s to] March 31.

As already announced, Amc[oal] has changed its financial ye[ar] end from December 31 to Ma[rch] 31 with the result that t[he] current accounting period w[ill] cover 15 months.

A first interim of 25 ce[nts] (13.8p) for the extended per[iod] has already been paid and [a] second payment is now declar[ed] of 46 cents. A final dividend [for] the period will be declared w[ith] the 15-month results in May.

	Nine months 30.9 1981	30.9.1[980]
	R000	R0[00]
Turnover	463,143	3[..]
Profit before amort., deprec., tax	145,811	[..]
Amort of min'g assets	5,073	–
Depreciation	2,759	2[..]
Profit before tax	133,779	9[..]
South African tax	30,896	13[..]
Equalisation tax	18,353	16[..]
Profit after taxation	84,557	62[..]
Outside holders	6,254	4[..]
Attributable	78,303	58[..]
Shares in issue	24,439,890	23,491[..]
Earnings per share (cents)	320.4	2[..]

The latest earnings have [in]creased by 34.6 per cent o[n] those of a year ago, but Amc[oal] points out that the results [are] not directly comparable bec[ause] the policy of amortising min[ing] assets was introduced in 1[981] and an amount of R9.1m [has] been provided in arriving at results for the latest period.

The latest increase in Amc[oal] earnings follows one of 21 [per] cent for 1980 and 24 per [cent] for the previous year. M[ean]while the group presses on [with] its R1.06bn expansion [pro]gramme, and in March [this] year announced a decision [to] open a new R241m colliery.

Amcoal shares eased ¼ to [..] yesterday in front of the la[test] results.

TANJONG TIN

Owing to a typographical e[rror] the October tin concentrate [pro]duction of Tanjong Tin was [in]correctly reported here ye[ster]day as 42½ tonnes.

The correct figure is [..] tonnes which compares wit[h ..] tonnes in September and m[akes] a total of 158 tonnes for 10 months to end-October [com]pared with 244½ tonnes in [the] same period of the prev[ious] year.

COMPANY NOTICES

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

NOTICE TO SHAREHOLDERS

The Board of Directors of the Company has decided to distribute an interim dividend for the Financial Year 1981, payable from 16th November, 1981 *at the rate of F.Frs. 9.00 per share of F.Frs. 100 nominal.*

Bearer Share Certificates
Against presentation of Coupon No. 175, residents of the United Kingdom will receive F.Frs. 7.19 per certificate of F.Frs. 100 nominal (See 'Settlement of Additional Payments' below).

Coupons will be paid at the rate of exchange ruling on the day of presentation.

Bearer Deposit Certificates
Against presentation of these Certificates for marking of Square No. 12 residents of the United Kingdom will receive F.Frs. 0.3595 per Certificate of F.Frs. 5 nominal (See Settlement of Additional Payments below).

Certificates will be paid at the rate of exchange ruling on the day of receipt of the dividend on the underlying shares deposited in France.

Settlement of Additional Payments
Under the terms of the Double Taxation Convention between France and the United Kingdom, residents of the United Kingdom will receive, subject to completion of Form RF-4 GB, on or after 15th January, 1982 an additional F.Frs. 4.285 per Bearer Share or F.Frs. 0.21425 per Bearer Deposit Certificate thus increasing their dividend entitlement to F.Frs. 11.475 per share or F.Frs. 0.57375 per Bearer Deposit Certificate.

Holders are advised to submit Form RF-4 GB at the time of presentation of Coupons and/or Bearer Deposit Certificates. Neverthless for Coupons detached from securities deposited in a bank in France or the United Kingdom which in absence of proofs at the time of their payments have been paid at the net price of F.Frs. 7.19 per Bearer Share or F.Frs. 0.3595 per Bearer Deposit Certificate can be subject to a later repayment up to 31st December, 1982 on production of the above mentioned documents.

Payments in respect of Coupons and Bearer Deposit Certificates will be subject to deduction of United Kingdom Income Tax at the standard rate of 30% unless claims are accompanied by an affidavit.

Coupons and Bearer Deposit Certificates should be lodged with:—
S. G. WARBURG & CO. LTD.
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL,

from whom appropriate claim forms and further information can be obtained.
COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS
11th November, 1981.

NOTICE TO BONDHOLDERS
COMISION FEDERAL DE ELECTRICIDAD

13% BONDS DUE 1987
NOTICE IS HEREBY GIVEN, that *pursuant to Condition 6(B) of the Bonds* U.S.$7,500,000 principal amount has been *purchased* by Credit Suisse First Boston Ltd as Purchase Agent during the period November 6, 1980 to November 1, 1981. With effect from November 1, 1981 U.S.$67,500,000 principal amount will remain outstanding.
THE CHASE MANHATTAN BANK, N.A.,
The Principal Paying Agent.
November, 1981.

ROLINCO

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held at the Hilton Hotel, Wee[na], Rotterdam, on Friday, 27th Novemb[er] 1981 at 2.30 p.m.

AGENDA
1. Opening.
2. To receive and adopt the Rep[ort] of the Managing Directors for [the] financial year 1980/1981.
3. To receive and adopt the Ann[ual] Accounts for the financial y[ear] 1980/1981.
4. To declare the dividend.
5. Proposal to alter the articles [of] association in conformity with [the] proposal attached to the agenda.
6. To compose the Board of Sup[er]visory Directors. Having reac[hed] the age of retirement Mr R. Marjolin will resign from [the] Board of Supervisory Directors [on] 27th November, 1981.
7. Any other business.

Copies of the full agenda and the Annual Report for 1980/81 c[an] be had from National Westmin[ster] Bank Limited, Stock Office Servic[es,] 5th Floor, Drapers Gardens, Throgmorton Avenue, London, E.C[2].

Holders of Share Warrants [to] Bearer desirous of attending or be[ing] represented at the Meeting, sho[uld] lodge their Share Warrants by [..] (postal deliveries will not be accep[ted] for voting purposes) with the Natio[nal] Westminster Bank Limited, St[ock] Office Services, 5th Floor, Drap[ers] Gardens, 12 Throgmorton Ave[nue,] London, E.C.2 (between the hours [of] 10 a.m. and 2 p.m.) in exchange [for] *a receipt*, not later than Friday, 20[th] November, 1981.

Beneficial owners whose Sha[re] Warrants are presently deposited w[ith] a Bank must obtain a certificate [of] deposit signed by the Bank [as] evidence that such Bank is hold[ing] the Share Warrants. This certifica[te] must be lodged against receipt [with] the Bank with the National We[st]minster Bank Limited, in accordan[ce] with the requirements stated above.

The receipt for the Sha[re] Warrants or certificate of deposit w[ill] constitute evidence of a shareholder['s] entitlement to attend and vote [at] the Meeting and should be present[ed] at the door of the Meeting Ha[ll].

If a holder desires to appoint [a] proxy, who need not be a memb[er] of the Company, to attend and vo[te] in his stead, a form of proxy m[ay] be obtained from the Natio[nal] Westminster Bank Limited as abo[ve] and this form of proxy must [be] presented at the door of the Meeti[ng] Hall together with the receipt [for] the Share Warrants, or certificate [of] deposit.

Beneficial owners of Sub-sha[re] Certificates registered in the name [of] National Provincial Bank (Nomine[es]) Limited desirous of attending [or] being represented at the Meeti[ng] must obtain a receipt or certificate [of] deposit in the same way as holde[rs] of Share Warrants to Bearer. If the[y] desire to attend the Meeting [in] person or to be represented th[ey] must obtain a form of proxy sign[ed] by National Provincial Ba[nk] (Nominees) Limited, which form m[ust] be presented at the door of th[e] Meeting Hall together with the recei[pt] exchanged for the Sub-share Certificate or certificate of deposit.

Beneficial owners of Sub-share[s] registered in any name other th[an] that of National Provincial Ba[nk] (Nominees) Limited and holders [of] Registered Full Shares, who wish [to] attend and vote at the Meeting or [to] appoint a proxy to attend and vo[te] in their stead, must inform [the] Company in writing by Friday, 20[th] November, 1981 of their intention[s].

By Order of the Boar[d] of Managing Directo[rs]
T. M. SCHOLTE[N]
A. S. BUNGE[..]

Dated this 11th day of November, 1981.
P.O. Box 973,
Rotterdam.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
SPECIAL RESOLUTION
pursuant to sections 141 (2) and 278 (1) (b)
OF THE COMPANIES ACT 1948
SEMINAR SERVICES INTERNATIONAL LIMITED

Passed 28 October 1981 at an Extraordinary General Meeting of the above-named Company, duly convened, and held at Piccadilly Hotel, Piccadilly, London, W1, on 28 October 1981, the following Special Resolution was duly passed:

"That the Company be wound up voluntarily, and that Mr. Graham Bradstreet, ACA (NZ), of Graham House and Partners, Consulting Accountants, The Britannia Building, 340 Richmond Road, Twickenham TW1 2DU, be and he is *hereby appointed* Liquidator for the purposes of such winding-up."

C. R. BROWN.
Secretary.

THE COMPANIES ACTS 1948 TO 1976
MEMBERS' VOLUNTARY WINDING-UP
NOTICE OF APPOINTMENT OF LIQUIDATOR
pursuant to section 305 of the Companies Act 1948
SEMINAR SERVICES INTERNATIONAL LIMITED
Conference Organisers

Registered office: The Britannia Building, 340 Richmond Road, Twickenham TW1 2DU. Liquidator: Graham Bradstreet, ACA (NZ), The Britannia Building, 340 Richmond Road, Twickenham TW1 2DU. Date of appointment 28 October 1981, by Resolution of Members of the Company.

Dated 4 November 1981.
G. BRADSTREET, ACA (NZ),
Liquidator.

SEMINAR SERVICES SA

The Directors of this long-established independent Swiss Company announce that it is not in any way connected directly or indirectly with Seminar Services International Limited of London, now in Liquidation.

The Swiss Company continues operations as a leading organisation in Europe promoting and arranging Conferences internationally.

SEMINAR SERVICES SA.
Passage Perdonnet 1
Case Postale 111
CH-1000 Lausanne 4.
Telephone (021) 20 88 50
Telex GEFID CH 24 067.

BOND DRAWINGS

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
U.S.$20,000,000 6½% 20 Year Bonds of 1966
Due 1st December, 1986

The Commission of the European Communities informs the Bondholders that a selection by lot for a principal amount of U.S.$750,000 has been made for redemption in the presence of a Notary Public by Banque Internationale à Luxembourg S.A.

The serial numbers of the coupon Bonds to be redeemed are as follows:—

9996 9997	10001 10002	10059 10064	10068 to 10071	10076 to 10079
10083	10086 to 10088	10107 10436	10442	10448 10449
10480 10499	10501	10516 to 10519	10533 to 10542	10557 to 10559
10570 to 10574	10577 to 10586	10593 to 10604	10606	10610 to 10620
10631 to 10637	10647 to 10650	10652	10678 to 10681	10691 to 10699
10702 to 10705	10726 to 10729	10731 to 10740	10751	10753 10754
10766 to 10772	10776 10780	10794 to 10800	10850 10851	10858 10860
10862 to 10865	10879 to 10881	10901	10961 10962	10975 to 10987
10991 to 11000	11002 to 11004	11008	11017 to 11022	11025 to 11027
11066 to 11089	11096 to 11109	11119 to 11123	11132 to 11138	11143 to 11149
11151	11160 to 11162	11194 11195	11210 to 11215	11220
11233 11239	11243	11249 to 11255	11332	11335 to 11341
11345 11346	11349 to 11367	11374	11388 to 11394	11398
11404 to 11408	11411 to 11425	11436 to 11439	11441 to 11490	11538 11545
11552 to 11555	11557 to 11561	11565	11568 11569	11577 to 11590
11609 11613	11618 to 11622	11631 to 11640	11737 to 11740	11742 to 11748
11750 to 11759	11761 to 11776	11778 to 11782	11785 to 11790	11793 to 11800
11816 to 11830	11833 to 11837	11843 11844	11858 to 11860	11863 to 11866
11869	11873 to 11879	11889 to 11892	11900	11904 to 11912
11917 to 11921	11935	11938 to 11940	11946 to 11963	11991 to 11995
12006 to 12160	12162 to 12165	12181	12183 12184	12186 12187
12297 to 12300	12303 to 12317	12323 to 12325	12333 to 12337	12363 to 12368

Principal amount of Bonds purchased: U.S.$600,000
Principal amount called for redemption: U.S.$1,350,000
Principal amount unamortised after 1st December, 1981 U.S.$6,500,000

The Bonds selected by lot will be reimbursed on/or after 1st December, 1981 with the coupon due 1st December, 1982 and following in accordance with the terms of payment mentioned on the Bonds.

11th November, 1981

PUBLIC NOTICES

READING BOROUGH COUNCIL
Bills issued today due 10.2.82 £1m at 14⅞%. £600,000 at 14[..]%. Total applications £15m. Outstanding £1.6m.

WEST YORKSHIRE METROPOLITAN COUNTY COUNCIL
£15.8m 91-day Bills issued 11th November, 1981 due 10th February, 1982 at 14[..]%. Applications totalled £79m. No other Bills outstanding.

هذا من الأصل

...anadian ...acific ...arnings ...ecline

Robert Gibbens in Montreal

...ADIAN PACIFIC Limited, ...ail and ship transport com... which also, via its Cana... Pacific Enterprises sub...ry, holds major natural re...ces and manufacturing in...ts, recorded lower profits ...ne third quarter and ex... no relief in the final quar...f the year.

...rnings for the nine months ...date show a fall from ...4m to C$391.2m (U.S. ...7m) or C$5.44 a share. ... were strong, however, at ...bn against C$7.04bn.

...the third quarter, when ...ings dipped from C$154.8m ...$138.2m, it was the trans... divisions which were the ... problem, although profits ...anadian Pacific Enterprises ...ed down. Enterprises said ...il and gas interests have "hurt" by the National ...gy Programme.

...rofits continued to move ...d in the four months ended ...ber 10 at Loblaw Com...es, the main supermarket of the Weston Food Group. ... 40 weeks of the trading ... completed, net earnings ...d at C$37.6m (U.S.$31.6m) ...4 cents a share, against ...3m last year. Sales jumped ... C$4.01bn to C$4.43bn.

...ir Canada, the national air... reported that profits are ...g hit by the declining ...e and rising costs which ... unsettled the rest of the ...national airline industry. ...the nine-month stage, net ...ings are down from C$64.9m ... C$50.7m (U.S.$42.6m) ...ough revenues held firm at ...6bn compared with C$1.4bn. ...directors warn that profits ...still "depressed" in the ...quarter of the year.

...rascan, the Toronto holding ...pany for the Peter and ...ard Bronfman interests in ...cial services and energy ...urces, pushed earnings ...d from C$57.4m to C$77.4m ...$65m), or to C$2.46 a share ...he first nine months of this ...

Canadian pipeline group returns for $100m Eurobond

BY ALAN FRIEDMAN

TRANSCANADA PIPELINE, the Canadian natural gas transmission company, returned to the Eurobond market yesterday with a $100m eight-year issue through the Union Bank of Switzerland. The bonds are to be priced today and the indicated yield is between 16 and 16¼ per cent.

The bonds will be callable in 1986 at 101½. Two months ago TransCanada offered $75m of seven-year bonds with a record coupon of 17¾ per cent. But given the much improved health of the Eurodollar bond market, the coupon will now be well down from that level.

In the Eurodollar sector, prices fluctuated all day yesterday between ¼ point down and ¼ up; the average close was a gain of ⅛ point. The much quieter market was partly a technical reaction to Monday's exuberant upturn.

In New York, the new U.S. Treasury 30-year bond opened ½ point off, another factor which dampened trading in Europe.

A C$50m 15-year bond was launched for Canadian Utilities, the Alberta-based gas and electricity group. The coupon has been set at 17 per cent and the lead-manager is Wood Gundy.

As expected, the two $50m Eurodollar bonds launched on Monday for Japan Air Lines and Transco International N.V. have both been priced with lower than indicated coupons. Japan Air Lines was fixed at 15¼ per cent at 99¼, against 15½ indicated, and Tarnsco was fixed at 16¼ per cent at par.

A DM 100m 12-year issue was launched for the EEC through Deutsche Bank. The issue carries a 10¼ per cent coupon an dis prieed at par.

In the Swiss franc foreign sector, prices closed up ¼ point, despite the strengthening of the dollar against the Swiss franc. Reports from Geneva indicated that the SwFr 20m 10-year bond for Saint-Etienne, the Communist-ruled French town, has gone well, and allocations are being made on a reduced basis. The issue carried an 8½ per cent coupon and was led by Banque Gutzwiller, Kurz, Bungener.

● The European Investment Bank has launched a $125m Yankee bond on the New York rnraket. The 10-year issue carries a 14.625 per cent ocupon and is priced at 99½.

$400m Argentina credit

BY OUR EUROMARKETS STAFF

A $400m Eurocredit is in the offing for Yacimentos Petroliferos Fiscales (YPF), Argentina's state-owned oil company. Bankers in London confirmed that YPF has asked for offers on the credit along the lines of the recent $600m seven-year credit for Argentina.

This could suggest a facility of seven to eight years with a spread of more than 1 per cent over the London interbank offered rate. The credit for Argentina contained terms which ranged from 1½ per cent to 1 per cent above Libor.

Offers for the YPF credit are expected to be submitted before the end of this month and competition among banking groups could be keen.

● Lloyds Bank International, which led the £75m acceptance credit for Petrobras, the Brazilian state oil company, said yesterday the deal had been increased to £100m. The credit, which is now complete, involves 27 banks. Terms on the two-year facility are ⅝ per cent above Libor for the first year and ¾ per cent for the second year.

Swiss bank offers to co-operate with SEC

By John Wicks in Zurich

CLIENTS OF Banca Della Svizzera Italiana (BSI), for whom the Swiss bank had bought call option contracts in March on shares of St Joe Minerals, have contacted the U.S. Securities and Exchange Commission (SEC) and "offered their co-operation in current proceedings."

Announcing this in Lugano last night, BSI said that it is confident this will lead to a rapid solution of a suit brought against the bank by the SEC.

At the same time, the bank stresses that it has at no time been accused of using insider information to its own advantage or that of clients. Claims made by the U.S. authorities in the St Joe case concerned the alleged misuse of insider information by clients themselves, says the bank in a statement denying "incorrect reports in the mass media."

BSI says that although it was put under pressure by the American authorities, it was prevented from giving the names of its clients by Swiss laws governing bank secrecy.

The bank adds that it is not a subsidiary of Banca Commerciale Italiana and is not represented in the U.S. or anywhere else by this Milan-based bank.

The communique says it reserves the right to take legal steps against the authors of the "incorrect reports" to protect its reputation.

Banca Della Svizzera Italiana, the biggest bank in Italian-speaking Switzerland, has a balance-sheet total which reached SwFr 3.85bn ($2.15bn) at the end of September. Its largest shareholder is Banca Commerciale Italiana, with a stake of 22.7 per cent, but it is not a foreign bank under Swiss law and is not controlled by the Italian shareholder.

It has no branch or representative office in the U.S. However, it holds a small shareholding of 2.5 per cent in the New York investment banker Lehman Brothers Kuhn Loeb.

OIL GROUP PREPARED TO COUNTER MOBIL BID

Marathon activates $5bn credit

BY DAVID LASCELLES IN NEW YORK

MARATHON OIL yesterday showed signs of mustering its forces for a counter-attack against the takeover bid by Mobil Oil.

Marathon said it was preparing to borrow funds under the $5bn revolving credit facility it negotiated earlier this year with a group of U.S. and foreign banks.

Although the company said no decision had been made as to the use to which these funds would be put, Marathon revealed it had modified the terms of the facility in ways that would enable it go on to the counter-attack.

One modification allows Marathon to buy up to $2bn of its own shares between now and July 14, thus opening up the possibility of a tender offer ofr its stock in competition with Mobil's, which aims to buy 67 per cent of Marathon for $3.4bn.

The modification also allows Marathon to use the facility "o make certain non-negotiated acquisitions," an indication that Marathon may make a takeover bid for another company and this complicate Mobil's bid.

Meanwhile, the legal straitjacket hampering Mobil's bid was loosened slightly yesterday when a judge in Cleveland, Ohio, allowed it to resume soliciting for Marathon shares.

But at the same time, the judge extended by a further 10 days a temporary restraining order forbidding Mobil from actually buying Marathon. The new termination date is December 11.

Marathon, which bitterly opposes the Mobil bid, is trying to get the court to issue a preliminary injunction to thwart Mobil's plans. A hearing on that request will now be held on November 17.

Both Mobil and Marathon claimed to be pleased by the court decision: Mobil because it is now free to continue the tender offer, Marathon because the temporary restraining order was extended.

Also yesterday, two of Marathon's largest shareholders, Sedco with 7.5 per cent of the shares, and members of the Bass family, which jointly control about 5.1 per cent, said in a filing with the Securities and Exchange Commission that they had considered making a bid of their own for Marathon, but had decided against it. The Sedco-Bass interests have said before that they hold the Mobil offer to be inadequate.

● Mr Clarence Brown, a Republican Congressman from Ohio, Marathon's home state has introduced a Bill into Congress that would require Cabinet-level evaluation of any takeover bids by large international oil companies for medium-sized ones. He also advocated a nine-month moratorium on acquisitions by large oil companies of more than 5 per cent of another oil company's stock. Mr Brown said his bill was aimed specifically at the Mobil bid which, he claimed, would sharply reduce competition in many segments of the petroleum industry.

French bank to lift Dutch stake

BY CHARLES BATCHELOR IN AMSTERDAM

CREDIT LYONNAIS is expected to raise its stake in the Dutch Slavenburg's Bank to 80 per cent as the result of a Fl 160m ($66m) issue of shares. The French bank currently has a 50 per cent holding.

Credit Lyonnais has agreed to underwrite the issue of the new shares. As Slavenburg's Fl 100 nominal shares are trading at around Fl 80 on the Amsterdam stock exchange few, if any, other shareholders are expected to exercise their right to buy. The share issue will more than double Slavenburg's issued capital to Fl 288m.

An extraordinary shareholders meeting approved the transfer of Fl 125m—a sum equivalent to Slavenburg's entire general reserve—to the provision for bad debts. In the first half of 1981 the bank transferred Fl 30m from gross profits to this provision and warned that considerable extra transfers would be needed to meet expected losses in the property sector.

Credit Lyonnais will also add to Slavenburg's capital in the form of a Fl 100m subordinated loan.

Slavenburg's earlier announced it expected to pay no dividend this year and it may also make no payment in 1982. Last year it cut its dividend to Fl 5 from Fl 21.50 after net profit fell 64 per cent to Fl 13.2m.

Third quarter loss for U.S. Hoover

By Our Financial Staff

LOSSES CONTINUE to mount at Hoover, the U.S. domestic appliance manufacturer which owns almost 73 per cent of the voting shares of Hoover in the UK and just under 48 per cent of the non-voting stock.

The third quarter brought a loss of $7.52m, against a profit of $5.65m for the corresponding period of 1980. This took the total loss for nine months to $20.58m, against profits of $25.06m last year.

Losses per share for the nine months equalled $1.68, with the third quarter contributing 62 cents; corresponding profits per share last year were $2.06 with 54 cents coming in the third period.

Sales in 1981 declined, the nine-month total of $570.1m comparing with $621.5m. Third quarter sales fell from $211.7m to $178.7m.

Kaiser Aluminum deal

Kaiser Aluminum and Chemical has agreed to acquire the stock of a restructured Filtrol Corporation for $92m, Reuter reports from Oakland. Filtrol is a subsidiary of Ashland Oil. The acquisition will involve Filtrol's catalyst and clay products operations, which had 1980 sales of $87.3m and pre-tax income of $12.5m. Ashland will retain Filtrol's coal and cement operations.

Dutch unions agree to Ford closure

By Our Amsterdam Correspondent

UNIONS representing workers at Ford's Amsterdam truck assembly plant have withdrawn their opposition to its closure. The workforce will co-operate with Ford, which hopes to close the plant on November 24, to obtain a favourable redundancy agreement.

The unions want Ford to establish a $6m fund to assist workers to find other employment and want firm agreements guaranteeing the jobs of the 325 employees in the company's sales operation. Mounting losses have forced Ford to shut the factory, which assembled Transit vans and Transcontinental trucks, with the loss of 1,200 jobs.

VW Brazil forecasts loss

BY ANDREW WHITLEY IN RIO DE JANEIRO

VOLKSWAGEN, the leading vehicle producer in Brazil with half the market, is likely to end the year with a loss of at least 6bn cruzeiros (U.S.$50m), four times greater than was anticipated at the end of 1980.

Herr Wolfgang Sauer, president of Volkswagen do Brasil, told the weekly magazine Istoe that the losses would probably extend to 1982 as well. He said the company was producing at 50 per cent of capacity at a time when fixed costs were rising by 100 per cent and "we cannot make magic."

The losses at VW's Brazilian subsidiary, once one of its strongest growth areas, are having a significant impact on the group's current results.

Sales of VW cars in Brazil picked up in August following the launch of a new model, the Voyage, but have subsequently not maintained the gain. Prices have been rising considerably faster than the inflation rate in an effort to contain the losses.

Noting that the other three major manufacturers in Brazil—Ford, Fiat and General Motors—were also making losses this year, Herr Sauer put the blame firmly on the national economic situation. But having tangled publicly with General Joao Figueiredo, the President, in April—and been slapped down for his pains—the Volkswagen head was careful this time not to identify the Government as being responsible.

Profit for Itel

Net earnings of $10.8m, against a loss of $51.3m in 1980, are reported for the first nine months of this year by Itel, writes our Financial Staff. The company, whose operations are now largely involved in leasing rail cars and ship containers, operates under Chapter 11 of the Bankruptcy Act.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market ...ts. For further details of these or other bonds see the complete list of Eurobond prices which ...be published next on Monday November 16. Closing prices on November 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk 9 91 EUA	25	73	77¼	0	−2¼	13.26
SOFTE 8¾ 89 EUA	40	74½	75¼	0	0	13.82
U. Bk. Nwy 9½ 90 EUA	18	80½	81¼	−0¼	−0¼	13.37
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

BULOVA WATCH

	1981 $	1980 $
Third quarter		
Revenue	45.4m	48.4m
Net profits	†2.79m	†1.68m
Net per share	†0.70	†0.43
Nine months		
Revenue	122.5m	133.9m
Net profits	†6.99m	†3.01m
Net per share	†1.74	†1.77

†Loss

WALT DISNEY PRODUCTIONS

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	268.4m	265.5m
Net profits	37.7m	40.6m
Net per share	1.15	1.23
Year		
Revenue	1.01bn	914.5m
Net profits	121.5m	135.2m
Net per share	3.72	4.15

GRUMMAN CORPORATION

	1981 $	1980 $
Third quarter		
Revenue	504.3m	380.2m
Net profits	5.31m	6.42m
Net per share	0.33	0.45
Nine months		
Revenue	1.43bn	1.26bn
Net profits	17.6m	20.45m
Net per share	1.28	1.57

HANDY AND HARMAN

	1981 $	1980 $
Third quarter		
Revenue	149.3m	160.4m
Net profits	5.61m	5.46m
Net per share	0.41	0.40
Nine months		
Revenue	472m	599.1m
Net profits	19.5m	24m
Net per share	1.42	1.76

IMASCO

	1981-82 $	1980-81 $
Second quarter		
Revenue	553.1m	318.9m
Net profits	31.4m	18.4m
Net per share	1.41	0.89
Six months		
Revenue	1.07bn	627.8m
Net profits	56.3m	36.4m
Net per share	2.73	1.75

LOEWS CORPORATION

	1981 $	1980 $
Third quarter		
Revenue	1.17bn	1.165n
Net profits	43.84m	56.78m
Net per share	3.44	4.59
Nine months		
Revenue	2.57bn	3.37bn
Net profits	170m	155.3m
Net per share	13.21	12.79

McDERMOTT INC

	1981-82 $	1980-81 $
Second quarter		
Revenue	1.2bn	905.9m
Net profits	35.6m	24.1m
Net per share	1.20	0.45
Six months		
Revenue	2.34bn	1.76bn
Net profits	105.1m	32.2m
Net per share	2.24	0.47

OUTBOARD MARINE

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	212.9m	151.4m
Net profits	9.28m	6.36m
Net per share	1.11	0.76
Year		
Revenue	735.6m	687.4m
Net profits	25.95m	2.24m
Net per share	0.22	0.26

PETROLANE

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	461.8m	348.9m
Net profits	21.62m	16.64m
Net per share	0.41	0.33
Year		
Revenue	1.85bn	1.42bn
Net profits	99.29m	74.01m
Net per share	1.93	1.47

SUNBEAM CORPORATION

	1981-82 $	1980-81 $
Second quarter		
Revenue	349.9m	354.5m
Net profits	12.4m	12.2m
Net per share	0.82	0.92
Six months		
Revenue	680.2m	647.7m
Net profits	19.7m	19.4m
Net per share	[illegible]	[illegible]

Commerzbank passes payout again

BY KEVIN DONE IN FRANKFURT

COMMERZBANK, West Germany's third largest commercial bank, will be unable to pay a dividend for the second year running.

Dr Walter Seipp, chief executive since early May, when he was brought in from the Westdeutsche Landesbank to try to revive Commerzbank's sagging fortunes, said, however, that the bank should be able to present a balanced result for 1981, without again having to dip deep into hidden reserves.

Dr Seipp appears confident that the bank will be able to resume dividend payments next year. The pressure on the bank's profit margins should be relieved by the fall in interest rates and the reduction of the large block of fixed interest term loans which it has been refinancing with higher cost funds.

In addition, the bank has been benefitting from better returns on its new loan business and from the positive development of its commercial business abroad.

Commerzbank is not the only West German financial institution that has been caught out by the difficult banking conditions of the past two years. Westdeutsche Landesbank, too, had to pass its dividend last year and is not expected to make any payment to shareholders for 1981.

There have also been strong rumours on the Frankfurt stock market that Dresdner Bank, the country's second largest bank, might pay no dividend for 1981. Last year it cut its dividend by a third.

Dr Seipp said that Commerzbank's interest margin had been under more pressure in the third quarter than in the first half of 1981. The interest and commission surplus was still 12 per cent higher than the nine-month average in 1980, however.

The growth in staff and investment costs had been kept to 3 per cent, and Dr Seipp said that he expected a positive operating result for the year. The surplus would not be sufficient, however, to compensate for the substantial extraordinary losses facing the bank.

The biggest burdens on Commerzbank's profitability—and indeed on the profits of most of the banks—arise from the need to make considerable write-offs on securities holdings because of continuing high capital market interest rates.

Dr Walter Seipp

In addition it faces provisions or write-offs on its loan business, chiefly through its lending to AEG-Telefunken—the banks are writing DM 240m ($108m) of credits the struggling electrical gro —to Poland and to the W German steel sector.

The bank can still call about DM 50m of funds left ov from last year's sale of its lar stake in Kaufhof, the W German stores group. It is al giving up a small part of holding in its 95 per cent-own Rhein-Hypo bank subsidiary.

The block of fixed-te interest loans, where the financing has cost Commerzba so dearly, should be reduced DM 20bn by the end of the y from DM 25bn at the end 1980, said Dr Seipp. Furt reductions of DM 5bn a y should be achieved in 1982 a 1983.

Dr Seipp said bankers wo probably have to agree stretch out loan repayments from Poland in the years 19 1984. As long as interest p ments were being met, and was only a question of stre ing out repayment periods, was problematic to make p visions. Commerzbank is volved in about DM 600m Polish debt.

Swiss seek to limit World Bank swaps

By Peter Montagnon in Zurich

SWITZERLAND has told the World Bank that it wishes to limit the amount of money the bank may raise by swapping dollar debt for Swiss franc obligations incurred by other borrowers.

This technique was developed by the World Bank last summer as a means of expanding its already heavy borrowings in Swiss francs, but the Swiss National Bank has now imposed two restrictions on such operations.

Swapping of debt may take place only if the Swiss franc obligations are at least 18 months old; and the original Swiss franc loan must have been authorised by the National Bank in accordance with its capital export rules.

Swiss National Bank officials responsible for capital market operations explained yesterday that they had become concerned at the potential volume of swap transactions after the World Bank's $230m Eurobond issue two months ago, which was swapped for Swiss franc debt incurred by other unspecified borrowers.

They said this posed two apparent risks for Switzerland. First, borrowers who would not otherwise contemplate raising Swiss franc debt would be attracted to the Swiss capital market in the sure knowledge that they could cancel the exchange risk by arranging a swap with the World Bank.

This would artificially increase demand for Swiss franc debt, the Swiss National Bank believes. Moreover, the World Bank's willingness to swap dollar debt for Swiss franc loans might encourage foreigners to raise Swiss franc credits abroad, without the authorisation of the Swiss central bank. This runs contrary to Swiss efforts to achieve a controlled internationalisation of the franc.

The new restrictions also apply to other development banks, several of which have shown interest in similar swap operations. The National Bank officials were at pains to stress, however, that they were still more than willing to co-operate with development banks wishing to raise Swiss finance, so long as the country's basic monetary objectives were not impaired.

Even under the new rules, the World Bank will be able to raise substantially more Swiss francs in its current fiscal year than would be possible through conventional bond issues and private placements.

The bank's large appetite for Swiss francs, which arises from the currency's relatively low interest rates, has led to a feeling of saturation on the capital market here. This has less to do with the World Bank's objective credit-rating than with market perception of its worth, according to commercial bankers here. "I have to sell the World Bank here as if it had a triple B rating, whereas in fact it is worth far more than that," one banker said.

Moet confirms Dior fashion pla

BY DAVID WHITE IN PARIS

MOET-HENNESSY, the largest group in the French champagne business, has confirmed it is mounting a bid to take over control of the coveted Christian Dior fashion business from the financially troubled Agache-Willot textile group.

Moet-Hennessy, which already owns the Christian Dior perfume business, was one of the first names cited as a candidate for taking control of Dior after bankruptcy proceedings were started last summer for Agache-Willot's industrial operations.

The French authorities, currently working on a reorganisation plan for the Agache-Willot, have yet to reach a decision on the Dior offshoot.

The plan would give Moet-Hennessy the prime role in running the fashion concern, which had total sales of FFr 1.66bn ($296m) last year —mostly through licensees—and which announced a 41 per cent increase in the first half of this year.

The other partners would be the Industrial Development Institute and banking and insurance interests. The plan would allow for the possibility c future takeover, which w allow these minority sh holders to pull out.

Christian Dior formerly longed to M Marcel Bous textile empire, which bought by Agache-Willot t years ago. M Boussac had ready sold the perfume br of Dior to Moet-Henessy 1972. The plan comes time of rapid expansion Moet-Hennessy. Sales in first nine months of the rose 36 per cent to FFr 2.7 including exports of FFr 1.4

Brake on Mexican car output

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government has applied the brakes to the country's booming car industry in a move to curb the yawning trade deficit.

As a result, the subsidiaries of many of the world's leading car manufacturers, including Volkswagen, Chrysler and Ford, are having to hold back their production for the 1982 model year, which began on November 1, to 1981 levels in order to comply with new Government measures linking output to exports.

Car production rose by 23 per cent in the first eight months of 1981 to 250,000 units, but this was accompanied by a hefty increase in imports for the automotive industry.

The trade deficit of the automotive and related components industry was $1.25bn in the same period, about half Mexico's total trade deficit.

The Government, therefore, has decided to enforce more strictly the 1977 decree, w set local content levels export requirements as par a programme to build up a sufficient automotive indust

Mexico imports four in e 10 parts of the veh assembled in the country.

The production quota 1982 has been set at the level of about 350,000 units output cannot exceed the q unless exports exceed imp The measure could save Me $300m in imports.

Mitsui Petrochemical in deficit for first half

BY OUR FINANCIAL STAFF

MITSUI PETROCHEMICAL Industries swung sharply into loss for the six months ended September 30 and the company blamed rising prices for raw material and stagnant product prices. The loss of Y1.75bn ($7.75m) was against a profit of Y3.09bn a year earlier on a 6.9 per cent decline in sales to Y141.15bn ($624m) from Y151.64bn a year earlier.

Mitsui Petrochemical said that prices of raw materials rose sharply during the period, largely because of the yen's weakness against the dollar. The company also said it was unable to raise prices because of the weakness in the domestic economy and because of the low prices of foreign petrochemical products.

Among the products, the sales of aromatics showed the sharpest decline, falling 16.2 per cent to Y18.93bn. Sales of ethylene products dropped by 6.8 per cent to Y58.48bn while those of propylene products declined 3.6 per cent to Y45.54bn. Export sales declined by 6.2 per cent to Y17.83bn.

● First-half unconsolidated results from Daikyo Oil and Mitsubishi Oil, in which Getty Oil has a 50 per cent stake, showed both companies had plunged into deficit, despite almost unchanged revenues.

Mitsubishi Oil reported a loss of Y33.51bn ($148.27m) for the half year to September 30 compared with a profit of Y14.20bn a year earlier. Daikyo said that its loss of Y21.23bn ($93.94m) compared with a profit of Y5.52bn.

Nine-month setback for SKF

By Westerly Christner in Stockholm

SKF, the Swedish engine group, suffered a fall in its tax earnings in the first months of this year, to SKr (\$118.3m), from SKr 757 the corresponding perio 1980.

Group earnings per dropped to SKr 15.60 SKr 18.50—based on the nu of parent company shares a 1981 rights issue. Group rose by 6 per cent to SKr 9.

For 1981 as a whole the pany maintains its earlier cast, made in the 1980 ar report to shareholders f "moderate" decline in before taxes, on a rise in solidated sales of between 10 per cent. The forecast pares with pre-tax earnin 1980 of SKr 953m on sale SKr 12.5bn.

Ball-bearing operations turned earnings of SKr 691 the nine months, a gai SKr 70m, on an 8 per cent increase to SKr 7.4bn. T operations accounted for 7 cent of group gross turnov 2 per cent rise.

On the other hand, sp steel sales were hindere over-capacity and market sa tion, SKF said, causing fu losses in the division.

The steel products div turned in a SKr 94m loss the first three quarters of year compared with a SKr profit. Steel sales decline SKr 1.54bn from SKr 1. Tonnage figures during period were maintained result of increased deliveri new customers.

Sulzer sees improvement

BY JOHN WICKS IN ZURICH

SULZER BROTHERS, the Swiss engineering concern, expects parent-company and group profits to be "slightly higher" this year than in 1980, when parent company net profits dropped by more than 21 per cent to SwFr 25.6m ($14.4m) and group earnings fell by 17 per cent to SwFr 29m.

In a letter to shareholders, the company reports a satisfactory flow of new orders. In the first nine months of this year, they were worth SwFr 3.2bn, compared with SwFr 3bn, but the 1980 period included a large single order worth more than SwFr 400m. In the 1981 nine-month period consolidated turnover was higher.

In calendar 1980, new-order volume had risen by 29 per cent to SwFr 4.54bn and consolidated sales by 23 per cent to SwFr 3.82bn.

Despite the economic downturn in most industrialised countries, demand for many of the group's products is said to be "lively," particularly for diesel engines, heating and air-conditioning equipment and pumps.

Broker tests market for Reksten tankers

BY FAY GJESTER IN OSLO

A NORWEGIAN ship broking company has been approaching shipowners in Norway and abroad in an attempt to test the potential market for two of the 12 debt-burdened super tankers owned by the troubled Reksten shipping group.

The background to the inquiries is the group's acute liquidity problem. An agreement with creditors, concluded three years ago provides cash for operating expenses only until the end of this year, drawing on a $161.5m loan guaranteed by the Norwegian state-backed Guarantee Institute for Ships and Drilling Rigs (GI).

The Reksten group has recently been negotiating with the GI about its problems, but the new Conservative Government has not yet decided how to tackle the issue, or whether to approve an extension of the GI guarantee. In today's seriously depressed tanker market, there is little hope that the ageing Reksten fleet will be able to pay its own way in the foreseeable future, and the case for the State cutting its losses seems to be strengthening.

The Shipping Ministry has refused to comment on this latest development and Reksten said it knew nothing.

Some Oslo shipping experts suggest that the broker—so far unidentified—may be acting on behalf of the GI or other Reksten creditors, who want to estimate what the cost would be of selling out now.

But according to Mr P. F. Bassoe, an Oslo ship broker, a far more discreet approach to the market would be needed if the Reksten creditors were planning to sell part of the fleet. Tanker values might otherwise fall still further. He believes the inquiries have come from a broking firm acting purely on its own initiative.

The broker is believed to have either or both of the turbine tankers Cyprian and Vespasian, both of about 285,000 dwt and built in 1974 and 1975 respectively. The price indicated per ship around $10m, while accumulated debt on vessel is understood to around $40m.

A sale at these prices w involve heavy losses for R sten's creditors, who incl Hambros Bank and Norw Aker shipbuilding group, well as the Norwegian Gov ment.

On the other hand, the p quoted of $10m per ship roughly in line with wha Norwegian shipping firm cently paid for a 51 per c stake in three other tan from a GI-backed company was near bankruptcy.

Record earnings and sales at Minolta

By Our Tokyo Correspondent

MINOLTA CAMERA, a leading Japanese manufacturer of cameras, optical lenses, and copier machines, reported record earnings and sales for the first six months to September, largely as a result of brisk exports of cameras and copier machines.

Operating profits rose by 59.3 per cent to Y6.04bn ($26.71m) while net profits advanced by .7 per cent to Y2.98bn. Sales were Y70.31bn ($311m), up by .4 per cent. Earnings a share moved up to Y18.33 from Y15.58 and the half year dividend is raised by Y0.5 to Y4.25.

Minolta's sales of cameras captured 53.6 per cent of total turnover and were 20 per cent higher. Exports accounted for .1 per cent of total camera sales and rose by 22.5 per cent over the previous half year. The company said that exports to the U.S. advanced by 50 per cent.

Copier exports were partly helped by an agreement to supply IBM of the U.S. with machines for sale under the IBM brand name.

In the current half to March, 1982, the company sees continuing high sales of copiers and cameras

Full year operating profits are projected at Y11bn, up 19 per cent; net profits at Y5.4bn, up per cent. Full year sales of 139bn, are expected, a rise 20 per cent.

Diversifying from textiles helps Toray Industries

BY YOKO SHIBATA IN TOKYO

TORAY INDUSTRIES, Japan's leading manufacturer of synthetic fibres, which is now actively diversifying into non-textile fields, showed signs of recovery in the six months ended September, 1981. Parent company operating profits reached Y9.08bn ($43.38m), 31.1 per cent below the Y14.22bn of last year on sales ahead by 2.1 per cent to Y273.11bn.

The company sees a further moderate recovery in earnings in the second half. The interim dividend is Y2.75, down Y0.25 on the interim last year but Y0.25 above the final. Earnings per share dipped to Y4.60 compared with Y5.76

A production cartel aimed at bolstering the synthetic fibre market since the second half of last year helped the polyester market to recover and exports to the U.S. moved up briskly. However, the nylon and acrylic fibre markets were still lethargic. Toray's textile division sales, representing 72.7 per cent of the total turnover, declined by 0.5 per cent because of a steep setback in acrylic fibre sales (down 25 per cent) and sluggish sales of nylon

Sales of polyester fibre rose by 5 per cent to account for 38 per cent of the total. With efforts to develop high value-added products, sales of polyester film for video tape recorder tapes increased by 12 per cent. Exports advanced by 5.7 per cent to account for 28 per cent of the total, helped by the yen's depreciation.

Higher sales of non-textile products such as polyester film and carbon fibre, and improved export profitability results from the yen's depreciation contributed to the recovery in earnings compared to last year's second half.

The company believes that the synthetics and plastic markets may improve in the current half and sales for the full year are now estimated at Y550bn (up 4 per cent over the previous year) compared with an original estimate of Y530bn. However, operating profits are expected to stay at the previous year's level of Y20bn.

Makino well ahead in first half

BY OUR TOKYO CORRESPONDENT

MAKINO Milling Machine Company, lifted operating profits by 36.8 per cent to Y2.98bn ($13.2m) in the half year to September 30, on sales up by 31.4 per cent to Y16.84bn.

Net profits were Y1.58bn, up 21.7 per cent. Earnings per share came to Y27.15 on capital increased by 5.2m shares by a scrip issue. Lst year's first half produced earnings of Y29.45 a share.

Sales of machining centres rose by 88.5 per cent to account for 38.7 per cent of the total and electro-discharge machines sales advanced by 121 per cent to account for 9.2 per cent.

Orders received totalled Y18.07bn, compared with Y17.64bn last year but there are signs of a slowdown in orders in the current half and heavier competition from Japan's other machine tool makers is expected.

The company plans to strengthen sales by stressing overseas marketing and production. From the end of this year the company will start knockdown MC production in the U.S. at Le Blond Makino (a joint venture producer of lathes) after starting production at West German affiliate, H and H this year.

Full year operating profits are projected at Y6.3bn, up 27.9 per cent, net profits at Y1.8bn, down 29 per cent, and sales at Y81bn, up 10 per cent.

Japanese Government to sell part of JAL stake

BY OUR FINANCIAL STAFF

THE JAPANESE Government is to sell 2.5m shares of Japan Air Lines (JAL), the Japanese national carrier, to investors including the public next month as part of its measures to reduce the national deficit.

The sale will account for about five per cent of the government holding in JAL of 50.63m shares or some 40 per cent. The sale, through major Japanese securities houses, is expected to bring in about Y6bn ($26m).

JAL has reported a return to profits for the half year ended September 30. Unconsolidated net income was Y3.21bn ($14.19m) compared with a loss of Y703m for the comparative six months last year. Revenues increased by 12.2 per cent to Q372.45bn from Y332.05bn. Earnings per share came to Y25.17 against a loss of Y21.53.

Passenger revenues made up three quarters of the total. International route passenger revenues advanced by 17 per cent but domestic route passenger revenues rose by only 4 per cent.

Cargo revenues comprised 17 per cent of the total with a 14 per cent increase in international routes and a 2 per cent rise in domestic routes.

JAL flew 13.19bn passenger kilometres on its international routes, up 15.0 per cent from a year earlier, while domestically it flew 3.98bn passenger kilometres, up 4.4 per cent.

On its cargo routes, the company flew 908.6m metric ton kilometres internationally, up 13.8 per cent and 51.5m ton kilometres domestically, up 4.3 per cent.

Tooth lifts profits despite strike

TOOTH, the New South Wales brewer, which is now a subsidiary of Adelaide Steamship, said that an 8-week strike had hurt first-half profits, writes our financial staff.

Slightly higher beer sales, however, helped to push up net profit by 30 per cent for the six months ended September 12 to A$3.58m (US$4.09m) from last year's A$2.74m.

Tooth said that there had been a 6 to 8 per cent fall in the sale of cans of beers in the state recently but the company had maintained its share of the smaller market. Extraordinary profits of A$13.89m came from the sale of 60 hotels.

APPOINTMENTS

Board changes at 3M United Kingdom

Mr Robert C. Olney, managing director of 3M UNITED KINGDOM has been appointed chairman and managing director, replacing Mr M. J. Monteiro who has resigned as chairman but will remain on the board. Mr Josef L. Kuhn, vice-president, European operations, 3M Company, joins the board.

Mr Olney has been managing director of Bracknell-based 3M UK for two years, having previously served as vice-president and general manager of National Advertising, a subsidiary of 3M Company in the U.S.

Mr Monteiro was recently appointed as executive vice-president, international operations, 3M Company, and is based in St Paul, Minnesota.

★

Mr Ted Garner has been appointed deputy chairman of FAIRCLOUGH CONSTRUCTION GROUP, a new appointment. He was appointed group chief executive in 1978 and retains that post.

★

Mr Ken Cotterill has joined BARCLAYS BANK INTERNATIONAL as group adviser on export credits. He retired in June as deputy to the secretary at the Export Credits Guarantee Department where he was in charge of the projects group for the past 10 years.

★

Mr Stuart Elliot has been appointed managing director of LESLIE AND GODWIN (UK). He has been with the group since 1966.

★

Mr Patrick Holden has been appointed group secretary of FISONS in Ipswich.

★

The Industry Secretary has appointed **Mr Malcolm Thornton**, MP (Liverpool, Garston) as his Parliamentary private secretary.

★

Mr R. Alan Mackay, financial controller and treasurer, has been appointed to the board of DALGETY SPILLERS.

★

Mr Sam Silkin, the former Labour Attorney-General, has been appointed a director of the BRITISH PRINTING CORPORATION.

★

Mr R. D. Lapthorne has been appointed commercial director of JOSEPH CROSFIELD AND SONS.

★

Mr Christopher Hughan has been appointed managing director of OGILVY AND MATHER PUBLIC RELATIONS—a new consultancy established in the UK by Ogilvy and Mather International. He joins from Daniel J. Edelman where he was a director.

★

Mr Kenneth Klinker has been appointed commercial director of battery manufacturer SAFT (UK), part of the French group Compagnie Generale d'Electricite.

★

Mr David W. Harper has been appointed marketing director of BILKFUNN.

★

Mr Russell Twisk will succeed **Mr Anthony Howard** as editor of The Listener. Mr Twisk has been development manager of BBC Publications since 1976.

★

Lord Buxton, chief executive of the Anglia Television Group and chairman of ITN, has been appointed chairman of UPITN Corporation, international television news agency. UPITN is owned by ITN and United Press *International*.

★

The REINSURANCE CORPORATION OF GUERNSEY has appointed **Mr Michael John Savage** as chief executive. He was previously general manager of Hogg Robinson (Guernsey). The Reinsurance Corporation of Guernsey is a wholly-owned member of The Insurance Corporation of Ireland Group.

★

CONCENTRIC Birmingham, has made board appointments at four subsidiaries. **Mr Neil MacDonald**, general manager of Concentric Overseas and **Mr Robert James**, general manager of Alexander Controls, become directors of their respective companies. **Mr Paul Cotton**, *financial controller* Concentric (Pressed Products) and **Mr Alan Beale**, financial controller Moulded Plastics (*Birmingham*) also join the boards of their companies.

★

Mr J. J. B. Young has been appointed chairman of WEIR PUMPS in addition to that of Weir Group managing director, a post which he has held since 1974.

★

British Railways Board has appointed **Mr W. H. Whitehouse**, as *director of signal and telecommunications engineering* at BRITISH RAIL HQ. He is at present chief signal and telecommunications engineer of BR's Southern Region. He succeeds **Mr A. A. Cardani**, who is retiring on November 16.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408
Euro Hldgs. .... US$20.22 20.87 ... 9.50

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
J. F. Japan Tst. .... Y2,548 — ... 0.50
Do. (Accum.) .... Y2,564 —
J.F. Japan Small Co. Y11,901 — 11,570
J.F. Japan Technology Y16,070 —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey 0481 26331
O.C. America Fd. US$2.45 ... 0.51
O.C. Sm. Co. ... 116.5 ... 2.68
O.C. Commodity ... 89.2 94.3 ... 7.61
O.C. Dir Comdty ... US$38.97 41.30 ... 2.32

CURRENCIES, MONEY and GOLD

Dollar firmer

Dollar improved in fairly quiet foreign exchange trading yesterday, reflecting the slight rise in Eurodollar interest rates and the covering of positions ahead of today's public holiday in the U.S., when major banks will be closed.

Sterling lost ground to the dollar and other major currencies as a result of profit-taking after the pound's recent appreciation, *and partly on fears of* strikes at Ford's UK plants and by oil company tanker drivers.

European currencies fell against the dollar, but showed little change within the European Monetary System. The D-mark improved slightly, but remained the weakest member of the system, while the Danish krone was generally easier but stayed at the top of the EMS.

DOLLAR — trade-weighted index (Bank of England) rose to 107.5 from 106.7. The U.S. currency improved to DM 2.2290 from DM 2.2050 against the *D-mark; to SwFr 1.7925 from* SwFr 1.7750 against the Swiss franc; to FFr 5.6375 from FFr 5.58 in terms of the French franc; and to Y229.90 from Y226.75 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to *89.1 from 89.3*, after opening at 89.4 and falling to 89.1 at noon. The pound began trading at $1.8865-1.8875 against the dollar, *the highest level of the day, but* eased to 1.8750 by noon. In the late afternoon it fell to a low of $1.8660-1.8670, and closed at $1.8665-1.8675, a fall of 2.55 cents on the day. Sterling fell to DM 4.1650 *from* DM 4.1750; to SwFr 3.3475 from SwFr 3.36; to FFr 10.5250 from FFr 10.5550; and was unchanged at Y429.50.

D-MARK—Weakest member *of the* **European Currency System following the recent currency realignment, but recovering slightly after trading** *close to its divergence limit for* **several weeks. It has also improved in terms of the dollar, following a weaker trend in U.S.** *interest rates* **and despite fears of a less favourable economic outlook for the Federal Republic. The improvement is** *largely the result of the recent* **decline in New York rates and has been encouraged by regular dollar sales by the Bundesbank in fairly quiet Frankfurt trading** — The D-mark showed mixed changes at the Frankfurt fixing, improving against sterling, the Japanese yen, and one or two members of the EMS, but losing ground to the dollar, Swiss franc, and other EMS currencies such as the French franc, Belgian *franc, and Dutch* guilder. The Bundesbank did not intervene when the dollar was fixed at DM 2.2195, com*pared* with DM 2.1978, and probably was not active on the open market. The pound fell to DM 4.1640 from DM 4.1660. In the afternoon the U.S. currency rose to DM 2.2280 and sterling eased to DM 4.1635.

JAPANESE YEN — **Firmer against the dollar recently as** *U.S. interest rates have eased.* **High U.S. rates supported the dollar in recent weeks, but the underlying strength of the** *Japanese economy* **has once again reasserted itself as a major market factor**—The yen weakened against the dollar in moderate Tokyo trading yesterday. The U.S. currency closed at Y228.15, compared with Y226.45, after opening at Y227.50. It touched a high point of Y228.50 *in the afternoon, after falling to* a low of Y227.30 in the morning.

THE DOLLAR SPOT AND FORWARD

Nov 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8660-1.8875	1.8665-1.8875	0.24-0.14c pm	1.22	0.45-0.35 pm	0.86
Ireland†	1.5930-1.5950	[illegible]	0.55-0.45c pm	3.77	1.70-1.55 pm	4.09
Canada	1.1930-1.1945	1.1942-1.1945	0.44-0.47c dis	-4.57	0.91-0.96dis	-3.11
Nethlnd.	2.4350-2.4520	2.4480-2.4510	0.35-0.25c pm	1.46	1.12-1.02 pm	1.75
Belgium	37.29-37.49	37.47-37.49	10-13c dis	-3.68	38-40 dis	-4.07
Denmark	7.1400-7.1775	7.1650-7.1750	0.10-0.35ore dis	-0.38	0.90-1.40dis	-0.64
W. Ger.	2.2060-2.2320	2.2285-2.2295	0.62-0.57pf pm	3.20	1.86-1.80 pm	3.28
Portugal	64.00-64.45	64.10-64.30	30-130c dis	-14.95	75-280 dis	-10.28
Spain	95.05-95.25	95.10-95.15	15-25c dis	-2.52	45-55 dis	-2.10
Italy	1,185-1,192	1,191-1,192	7¼-8¼ lire dis	-8.09	24-27 dis	-8.60
Norway	5.8360-5.8600	5.8475-5.8525	0.10-0.40ore dis	-0.51	0.40-0.10 pm	0.17
France	5.5950-5.6425	5.6350-5.6400	1.40-1.80c dis	-3.21	5.25-5.65dis	-3.88
Sweden	5.4530-5.5100	5.5000-5.5100	0.65-0.50ore pm	1.26	2.20-2.05 pm	1.55
Japan	225.70-230.20	229.85-229.95	1.50-1.35y pm	7.44	4.20-4.05 pm	7.18
Austria	15.54-15.60	15.56-15.57	5.10-3.60gro pm	3.35	11.75-7.75 pm	2.50
Switz.	1.7725-1.8000	1.7920-1.7930	0.73-0.63c pm	4.55	1.92-1.82 pm	4.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to *the U.S. dollar and not to the individual currency.*

THE POUND SPOT AND FORWARD

Nov 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8660-1.8875	1.8665-1.8675	0.24-0.14c pm	1.22	0.45-0.35 pm	0.86
Canada	2.2270-2.2520	2.2280-2.2290	0.56-0.66c dis	-3.23	1.20-1.40dis	-2.33
Nethlnd.	4.56-4.61	4.57¾-4.58¾	1⅛-⅞c pm	2.28	3¼-2⅞ pm	2.51
Belgium	69.80-70.40	69.90-70.00	8-18c dis	-2.23	47-57 dis	-2.97
Denmark	13.38-13.48	13.39-13.40	1¼-¼ore pm	0.67	1¼ pm-¼ dis	0.07
Ireland	1.1770-1.1830	1.1800-1.1815	0.19-0.30p dis	-2.49	0.90-1.06dis	-3.30
W. Ger.	4.14½-4.19½	4.16-4.17	1½-1¼pf pm	4.32	4½-4 pm	4.08
Portugal	119.50-120.80	119.65-120.05	40-240c dis	-14.02	105-475 dis	-9.68
Spain	177.75-179.50	177.90-178.10	5-25c dis	-1.01	35-65 dis	-1.12
Italy	2,215-2,236	2,220-2,222	12-15 lire dis	-7.29	40-44 dis	-7.56
Norway	10.93-11.01	10.95½-10.96½	1½ore pm-par	0.68	3¼-1¼ pm	0.81
France	10.50-10.55	10.52-10.53	1¼-2¼c dis	-1.99	7¼-8¼ dis	-2.94
Sweden	10.27-10.34	10.29¾-10.30¾	2¼-1¾ore pm	2.04	6¾-5¾ pm	2.18
Japan	427-435	429-430	3.15-2.90y pm	8.45	8.60-8.40 pm	8.01
Austria	29.00-29.25	29.05-29.10	13-8gro pm	4.33	29-19 pm	3.30
Switz.	3.33-3.37	3.34¼-3.35¼	1¾-1¼c pm	4.93	4¼-3¾ pm	4.78

Belgian rate is for convertible francs. Financial franc 78.40-78.50. Six-month forward dollar 0.50-0.40c pm. 12-month 0.50-0.30c pm.

CURRENCY MOVEMENTS

Nov. 10	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.1	-34.7
U.S. dollar	107.5	+1.6
Canadian dollar	87.9	-16.8
Austrian schilling	118.9	+25.2
Belgian franc	107.0	+9.5
Danish kroner	89.4	8.5
Deutsche mark	123.9	+44.2
Swiss franc	154.9	+104.5
Guilder	115.6	-19.8
French franc	82.0	-13.7
Lira	56.3	-57.2
Yen	138.0	+32.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.616004	0.584853
U.S. $	13	1.16702	1.10582
Canadian $	17.82	1.39097	1.31756
Austria Sch.	6¾	17.9849	17.0296
Belgian F.	15	43.2731	41.0036
Danish Kr.	11	8.26367	7.84687
D mark	7½	2.56498	2.43390
Guilder	9	2.82888	2.68326
French Fr.	9½	6.48746	6.15497
Lira	19	1371.83	1301.54
Yen	6¼	264.680	250.636
Norwgn. Kr.	9	6.79439	6.43142
Spanish Pta.	8	(u)	104.336
Swedish Kr.	11	6.35793	6.04216
Swiss Fr.	6	2.09731	1.98895
Greek Dr'ch.	20½		61.5276

OTHER CURRENCIES

Nov. 10	£	$		£ Note Rates
Argentina Peso	11,956-11,975†	6370-6390†	Austria	29.05-29.35
Australia Dollar	1.6355-1.6395	0.8760-0.8765	Belgium	78-79
Brazil Cruzeiro	218.22-219.22	116.33-116.91	Denmark	13.40-13.53
Finland Markka	8.117-8.153	4.3510-4.3530	France	10.47-10.57
Greek Drachma	105.252-106.392	55.80-56.00	Germany	4.14½-4.18½
Hong Kong Dollar	10.580-10.595	5.65½-5.66	Italy	2205-2275
Iran Rial	148.75*	78.50*	Japan	430-435
Kuwait Dinar (KD)	0.526-0.532	0.2813-0.2815	Netherlands	4.55-4.60
Luxembourg Fr.	69.90-70.00	37.47-37.49	Norway	10.91-11.01
Malaysia Dollar	4.2390-4.2490	2.2680-2.2690	Portugal	119-130
New Zealand Dlr.	2.2580-2.2630	1.2090-1.2100	Spain	174½-186½
Saudi Arab. Riyal	6.40-6.46	3.4195-3.4215	Sweden	10.29-10.39
Singapore Dollar	3.8660-3.8760	2.0665-2.0685	Switzerland	3.32½-3.36¼
Sth. African Rand	1.7950-1.7970	0.9615-0.9625	United States	1.86¾-1.88¾
U.A.E. Dirham	6.88-6.94	3.6700-3.6730	Yugoslavia	82-87

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 19,250-19,290 *and for the dollar* 10,250-10,300.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.9358	+0.44	+0.22	±1.5368
Danish Krone	7.91117	7.85042	-0.77	-0.99	±1.6412
German D-Mark	2.40989	2.43528	+1.05	+0.83	±1.1077
French Franc	6.17443	6.15736	-0.28	-0.50	±1.3733
Dutch Guilder	2.66382	2.67573	+0.45	+0.23	±1.5063
Irish Punt	0.684452	0.690324	+0.86	+0.64	±1.6685
Italian Lira	1300.67	1302.18	+0.12	+0.12	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 10 — 0.585267

EXCHANGE CROSS RATES

Nov. 10	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	Dutch Guild'	ItalianLira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.867	4.165	429.5	10.525	3.348	4.578	2221.	2.289	69.95
U.S. Dollar	0.536	1.	2.231	230.0	5.637	1.793	2.452	1190.	1.194	37.47
Deutschemark	0.240	0.448	1.	*103.1*	*2.527*	*0.804*	*1.099*	*533.3*	*0.535*	*16.79*
Japanese Yen 1,000	2.328	4.347	9.697	1000.	24.51	7.794	10.66	5171.	5.189	162.9
French Franc 10	0.950	1.774	3.957	408.1	10.	3.181	4.349	2110.	2.117	66.46
Swiss Franc	0.299	0.558	1.244	128.3	3.144	1.	1.367	663.5	0.666	20.90
Dutch Guilder	0.218	0.408	0.910	93.83	2.299	0.731	1.	485.2	0.487	15.28
Italian Lira, 1,000	0.450	0.841	1.875	193.4	4.739	1.507	2.061	1000.	1.003	31.49
Canadian Dollar	0.449	0.838	1.869	192.7	4.723	1.502	2.054	996.6	1.	31.39
Belgian Franc 100	1.430	2.669	5.954	614.0	15.05	4.786	6.544	3175.	3.186	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 10)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 15/16	*offer 14 1/16*	*bid 14*	*offer 14 1/8*

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, *Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan* Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15-15¼	13⅝-13⅞	18-19	12¾-12⅞	5¼-5½	[illegible]	15¾-16¼	—	14-16	6½-6¾
7 days' notice	[illegible]	[illegible]	18-19	12⅝-12¾	6-6½	[illegible]	16¼-16¾	22½-25	14½-16	6⅝-6⅞
Month	[illegible]	[illegible]	18⅛-18½	[illegible]	9⅛-9¼	10¾-10⅞	16⅝-16⅞	21½-22½	16½-17½	[illegible]
Three months	[illegible]	[illegible]	17⅛-17½	12¼-12⅜	[illegible]	10¾-10⅞	17⅛-17⅜	22¼-23¼	17¾-18½	6⅞-7⅛
Six months	[illegible]	[illegible]	16⅞-17¼	12-12⅛	9⅝-9¾	10¼-10⅜	18⅛-18⅝	22⅝-23⅝	17⅝-17⅞	6¾-7
One Year	[illegible]	[illegible]	16⅞-17¼	12-12⅛	9-9⅛	10¼-10⅜	18⅛-18⅝	23½-24½	16-16¾	7⅛-7⅜

SDR linked deposits: one month 12½-12⅞ per cent; three months 12 11/16-13 1/16 per cent; six months 12⅝-13 per cent; one year 12⅞-13¼ per cent.

ECU linked deposits: one month 13⅞-14¼ per cent; three months 14 3/16-14 9/16 per cent; six months 14⅛-14½ per cent; one year 14 5/16-14 7/16 per cent.

Asian $ (closing rates in Singapore): one month 13 11/16-13 15/16 per cent; three months 13⅞-14 per cent; six months 13 15/16-14 3/16 per cent; one year 14¼-14½ per cent. Long-term Eurodollar two years 15-15¼ per cent; three years 15⅛-15½ per cent; four years 15¼-15½ per cent; five years 15¼-15½ per cent nominal closing rates. The following nominal rates were quoted for London dollar certificates of deposit: one month 13.55-13.65 per cent; three months 13.50-13.60 per cent; six months 13.50-13.60 per cent; one year 13.50-13.60.

MONEY MARKETS

Further shortage

London clearing bank base lending rates 15 per cent (since November 10)

Day to day credit was in short supply in the London money *market yesterday. Bank balances* were carried forward from Monday some way below target while funds were drained in *respect of recent gilt sales*. The Bank of England gave an early forecast of —£700m, giving Exchequer transactions against the market totalling —£425m and bills maturing in official hands together with a net take up of Treasury bills —£40m.

The Bank gave assistance during the morning totalling £223m. In band 1 (up to 14 days) this comprised £2m of Treasury bills at 14⅞ per cent and £44m of eligible bank bills at 14⅞ per cent. In band 2 (15-33 days) the help was made up of purchases of £5m of local authority bills at 14⅞ per cent and £94m of eligible bank bills at 14⅞ per cent. In addition the Bank arranged a sale and repurchase agreement, unwinding on November 17 and 18 *involving* £78m of bills at 14⅞ per cent. In the afternoon additional help was given totalling £431m making £654m during *the day. The afternoon help* comprised in band 1, purchases of £6m of Treasury bills at 14⅞ per cent, £1m of local authority bills at 14⅞ per cent, £114m of eligible bank bills at 14⅞ per cent and in band 2 £310m of eligible bank bills at 14⅞ per cent.

Discount houses were paying up to 14⅞ per cent for secured call loans with some balances taken at 14 per cent. In the interbank market overnight money opened at 15-15¼ per cent and rose on the forecast to 15¾-16 per cent. It eased in stages back to 14-14½ per cent but rose during the afternoon on renewed demand to 15½-15¾ per cent *before finishing at 8 per cent.* Period rates up to three-months were generally firmer. The one week rate reflected the overnight shortage in rising to 15⅝ per cent from 15 per cent while the three-month rate was quoted at 15 1/16 per cent up from 14⅞ per cent.

In Paris the Bank of France was active in the market bringing call money up to 16 per cent frwom 15⅝ per cent. This was seen as part of an effort by the authorities to counter a weaker tendency in the French franc especially against the D-mark. However, the Bank left its money market intervention rate unchanged at 15¼ per cent when it bought around FFr 14bn of first category paper from the market. The bills mature on November 30.

In Brussels the central bank lowered rates on Treasury bills, *the first broad-range reduction* since early August. One and two-month bills fell by 0.25 percentage points to 15 per cent and 15.25 per cent respectively

MONEY RATES

NEW YORK	
Prime rate	17
Fed. funds	14¼-14½
Treasury bills (13-week)	11.28
Treasury bills (26-week)	11.75
GERMANY	
Special Lombard	11.0
Overnight rate	11.025
One month	11.25
Three months	11.55
Six months	11.0
FRANCE	
Intervention rate	15.25
Overnight rate	16.0
One month	15.75
Three months	15.75
Six months	15.75
JAPAN	
Discount rate	6.25
Call (unconditional)	6.8125
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Nov. 10 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8-16	15¼-16	—	—	16¼-15¾	14-14¾	—	—	—
2 days notice	—	—	15-15¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15-15½	15⅛-15⅜	—	—	15⅛-15¾	14¾-14⅞	—	—	—
One month	15¼-15⅛	15 1/16-15 3/16	15¼	15⅛-15⅛	15⅛	15⅛	14⅞	14 11/16-14¾	14⅞-14¾	15¼
Two months	15 3/16-15	15 1/16-15 3/16	—	15½-15⅛	16¼	15¾-15⅛	14⅝-14¾	14 9/16-14⅝	14⅝	15⅜
Three months	15 1/16-14⅞	15-15⅛	15	15¼-15	15⅛	15⅛-15⅜	14½	14⅜	14⅝	15
Six months	14 9/16-14 7/16	14 11/16-14 9/16	14¾	14⅝-14	14⅜	—	—	—	14⅜	—
Nine months	14 9/16-14 7/16	14⅝-14⅜	—	14⅝-14⅜	14¾	—	—	—	15⅛-15⅜	14⅜
One year	14 9/16-14 7/16	14 9/16-14 7/16	14¾	14¾-14⅜	14¾	—	—	—	—	—
Two years	—	—	15⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage *rates nominally three years 15¼ per cent; four years 15½ per cent; five years* 15½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝-14 9/16 per cent; four-month trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 14½-14⅝ per cent; two months 14⅝-14¾ per cent; three months 14¼ per cent. Approximate selling rate for one month bank bills 14⅝-14 21/32 per cent; two months 14½ per cent; and *three months 14⅜-14 9/32 per cent; one month trade bills 15¼ per cent;* two months 14 9/16 per cent; three months 14¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 14.8857 per cent.

GOLD

Weaker trend

Gold fell $14½ to $414-416 in the London bullion market yesterday, the lowest level since late August. It opened at $423-$424, the highest level of the day, and finished at the day's low. The metal was fixed at $422.75 in the morning and $418.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 76,100 per kilo ($422.63 per ounce) in the afternoon, compared with FFr 76,100 ($422.49) in the morning, and FFr 78,000 ($436.41) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,320 per kilo ($424.96 per ounce), compared with DM 30,530 ($431.98) previously, and finished at $418-419 against $429½-430½.

	Nov. 10		Nov. 9	
Gold Bullion (fine ounce)				
Close	$414-416	(£221⅛-222½)	$429-430	(£226¾-227¼)
Opening	$423-424	(£224¼-224¾)	$430½-431½	(£227¼-228)
Morning fixing	$422.75	(£224.330)	$430.10	(£227.086)
Afternoon fixing	$418.50	(£223.152)	$429.75	(£226.781)
Gold Coins				
Krugerrand	$426-427	(£228-228½)	$441½-442½	(£233½-234)
1/2 Krugerrand	$219-220	(£117¼-117¾)	$232-233	(£122¾-123¼)
1/4 Krugerrand	$113-114	(£60½-61)	$118-119	(£62½-63)
1/10 Krugerrand	$47-48	(£25¼-25¾)	$49-50	(£26-26½)
Mapleleaf	$426-427	(£228-228½)	$442½-443½	(£234-234½)
New Sovereigns	$101½-102	(£54¼-54¾)	$104½-105½	(£55¼-55¾)
King Sovereigns	$112-114	(£59¾-60¾)	$114-116	(£60¼-61¼)
Victoria Sovs.	$112-114	(£59¾-60¾)	$114-116	(£60¼-61¼)
French 20s	—	—	$97-107	(£51¼-56¾)
50 pesos Mexico	$512-516	(£274-276¼)	$533-536	(£282-283½)
100 Cor. Austria	$400-403	(£214¼-215¾)	$416-420	(£220-222)
$20 Eagles	$542-547	(£290¼-293)	$555-560	(£293½-296¼)

TECHNOLOGY

EDITED BY ALAN CANE

Logica's speech research tool

BY GEOFFREY CHARLISH

LOGICA HAS announced hardware/software research tool that should make it easier for UK industry to incorporate speech recognition into computing and communications products. The device is based on work of the Government Joint Speech Research (JSRU).

Logica believes that Verbex, an Exxon subsidiary in the U.S. and a Japanese research laboratory, are the only other organisations to have achieved recognition of several hundred words on a continuous basis.

Unfortunately, at the London introduction the system developed a hardware fault but Mr David Mann, managing director of Logica said: "We do have a state of the art equipment of which many UK manufacturers should be taking account."

His company has a free hand to market the system in

DAVID Stanley: Sees speech recognition as a growing area of the business.

forms to suit further researchers, at prices that will result from a specific contract in each case. He said the company would be selling a research tool, a "systems kernel" that would provide the basis for advanced research and development by others, either jointly or separately from Logica.

British Telecom's research laboratory has already ordered a system to be used for research into techniques for man-machine interaction using voice input over telephone circuits. The implications for telephone network use of speech commands are considerable, ranging from instructing remote equipment to perform specific tasks to asking for Prestel pages.

Security

There are many other likely applications; the technique could prove valuable in industry for example, where operator's hands are engaged continuously so that data cannot be punched in from a keyboard. Similar uses occur in computer aided design equipment, in piloting aircraft, in air traffic control and where a keyboard would in any case be impractical due to the environment (some chemical plants, abattoirs are examples).

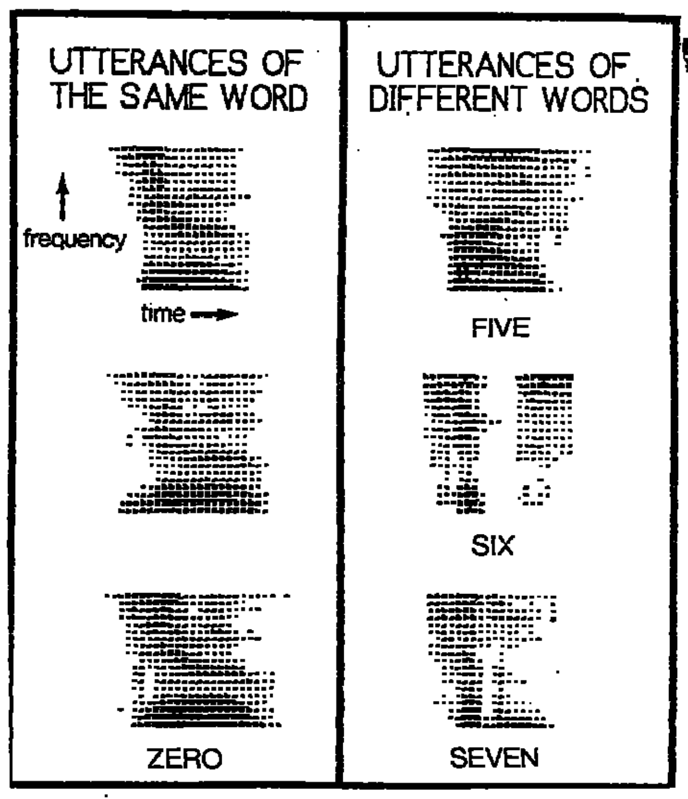
Others likely to find such systems attractive will be managers in data environments since it would be possible to issue an instruction without sitting down to a keyboard.

Speech recognition of this kind also has security advantages since the system can be designed to respond to only one (or a few) voices.

Dr David Stanley, manager of the Logica division responsible for the equipment, sees automatic speech recognition (ASR) as an important and fast growing in the company's various business areas. Types of user will include, on the one hand, well funded organisations such as banks and Government departments, already anxious to evaluate such systems and on the other organisations that need the continuous operation or some other feature of the system (voice/security for example). He believes the system will "open new doors."

John Holmes, who runs the JSRU at Cheltenham, pointed out that the development had steered clear of the simple "phoneme identification" approach in which simple speech sounds are recognised. Instead, the JSRU/Logica device, which is called Logos, uses continuous sampling of the speech together with spectral pattern matching techniques that are not sensitive to utterance rates and other variations. The system looks at whole words, not phonemes.

Each word is examined by a spectrum analyser which breaks the speech frequency spectrum up into 19 narrow bands and determines, for each word, the energy level present over a similar number of time intervals. The result, when printed out, looks rather like a complex crossword puzzle frame, each square having a specific blackness representing the energy intensity.



Interpreted

The machine first learns these frames, one or more for each word, as the user speaks to it.

However, when the words are spoken subsequently, the frames will look similar, but may not be exactly the same, either in time scale or precise frequency content, or in the way one word is joined to the next.

The JSRU/Logica achievement lies in the way the new frames are interpreted by the machine in real time, using a special algorithm. The machine can be taught up to 2000 words and is able to deal with "several hundred" of them in one recognition "take."

Using a dynamic programming algorithm, Logos is able to take account of varying speeds of utterance and other variations to allow the input frmes to be matched to the stored "templates."

Logica has been able to push the ten word maximum "take" achieved at JSRU to several hundred, using fast 16 bit microprocessors in a computing system two orders of magnitude bigger than that used at Cheltenham.

Logica claims the micros are 20 times faster than anything currently available, as a result of advanced signal processing and computing architecture.

Jeremy Peckham, the Logica project manager, points out however, that the system still requires a co-operative speaker, using a defined vocabulary. Even so, the machine can ignore "illegal" or spurious words (such as cough) with the use of a "wildcard" template. As yet though, the "grey tape" "great ape" confusions cannot be solved—such systems, if ever developed might be prohibitively expensive since they would be required to comprehend meaning.

But the day may not be too far off when a pilot can simply say "descend to 10,000 feet" and the aircraft will do so.

Galaxy of colours in business charts

BY ALAN CANE

WEARY OF the cost in time and money of getting adequate business charts drawn up for presentations? Comshare, a North American based computer bureau, could have the answer.

It has developed a stand alone device—screen, keyboard, processor, storage and the now almost ubiquitous "mouse"—which enables people with the minimum of training and experience to produce competent colour graphics — charts, graphs and pie diagrams—from basic business data.

The graphs produced are rather obviously computer drawn, but, on the screen at least, a whole galaxy of colours can be used to distinguish one feature from another, emphasise highlights and reinforce trends.

The screen contents can be printed out as hard printed copy, colour photographs, overhead transparencies or 35 mm slides.

The machine, the Execuchart, was designed and built in North America and represents a new departure for Comshare. According to its UK managing director, Ian McNaught-Davis: "This is part of the evolutionary growth of Comshare from a timesharing company into a broadly based computer services supplier."

Comshare already has a good reputation for the quality of the computer based financial services it offers—budgetary control system, financial planning and the like. The development of a system like Execuchart is a logical extension for such a company—the computer power at its disposal already means that it can provide its clients with ever increasing volumes of information about their businesses. What the clients want, of course, is that information analysed and suitably presented

IAN McNaught-Davis: Part of our evolutionary growth.

so that it makes business sense.

Execuchart carries out no data processing; its function is simply to take the data and present it on the screen in the manner the user wants. It provides for six basic types of graphics; horizontal bar charts, vertical bar charts, line charts, combined bar and line charts, pie charts and word or textual charts.

Sixteen colours are provided on the screen as well as text labels, titles and automatic scaling of axes.

(The print-out, however, is limited in its colours by the quality of the printer used.)

A pointer on the screen echoes the movement of the "mouse" a small box on the desk top wired to the computer. Keys on the mouse initiate commands and actions. The machine costs in between £31-£50,000. More on 01-222 5665.

Saving the solvent and £40,000

A HOME-GROWN electronic control system has enabled a Rochdale-based company to save £40,000 a year through increased recovery of industrial solvent.

The solvent is toluene, which gallon for gallon costs almost as much as petrol. The sealing material division of TBA (part of the Turner and Newall group) uses some 30,000 gallons a week.

A large proportion of the waste can be removed by vapour extraction and converted into reusable solvent; the technique is to draw toluene gas out of the extract using carbon absorbers.

The problem with the system was that there was no satisfactory method of detecting the saturation point so the absorbers were either underutilised or run past saturation levels.

The answer was to tie well proven infra-red gas analysis methods to an electronic control system capable of monitoring up to 12 absorbers and which would also be capable of monitoring the running conditions of the analysers—it had to cut the power supply if danger threatened and trigger an automatic fire extinguisher against threat of a toluene fire.

The controller, devised by TBA's engineering process control department, was based on a Motorola microprocessor and now forms the basis of a shopfloor computing system.

ENERGY REVIEW

REACTOR EXPERIMENT

U.S. nuclear melt-down test

BY DAVID FISHLOCK, SCIENCE EDITOR

AS BRITAIN'S prototype fast reactor (PFR) at Dounreay returns to power this week after a lengthy summer shutdown, it begins to irradiate some novel plutonium fuel, freshly arrived from the U.S. The American fuel, after prolonged "cooking" with neutrons in the sodium-cooled core, will be returned to the U.S. where scientists will deliberately stage a partial melt-down to see how the highly irradiated fuel behaves.

The experiment is one of a series of Anglo-American fast reactor safety experiments planned to take place over the next few years. Interest in collaboration between the two countries has heightened considerably since the U.S. Administration restored the Clinch River, Tennessee, project—U.S. counterpart of the Dounreay PFR—to favour.

The melt-down experiment is known as Treat, the name given to a transient test reactor of the U.S. Department of Energy at Idaho Falls, in which severe accident conditions for fast reactor fuel can be staged, without danger to the reactor.

Britain and U.S. swap — — The Anglo-U.S. collaboration involves the exchange of British and American fuel pins. The first of about 30 fuel pins—some fresh and some first irradiated in the Dounreay reactor, and then "fingerprinted" for future analysis — have already arrived in the U.S. They will be tested in Treat, up to seven at a time, under a variety of fault conditions which, theoretically could arise in a commercial fast reactor. In the worst of these the mixed plutonium/uranium fuel will be taken "well beyond the point of failure," to quote one UK Atomic Energy Authority scientist.

Britain has no reactor of this kind. The nearest it has been able to approach such drastic assaults of the integrity of fast reactor fuel was in terminal experiments on the experimental fast reactor at Dounreay, before it was finally shut down in 1977.

...ailed

Altogether, about 40 fresh U.S. fuel pins will arrive, over the next five years—to be irradiated in the Dounreay PFR before they are returned to Treat for terminal tests. Until Clinch River is built, the U.S. has no demonstration fast reactor in which it can first irradiate commercial fuel.

The tests in Treat simulate the final stages of accidents in which control rods are continuously withdrawn, or accidents in which failure of the sodium coolant flow has occurred. They assume that the automatic trip protection has failed.

The scientists will try to determine precisely when and how the steel cladding round the fuel fails, and how the highly radio-active contents of that cladding—solid, liquid and gaseous—then travels within the reactor.

No money will change hands between the two nations. But the UK AEA estimates that the value of the access to Treat is "certainly in excess of £10m."

AN irradiated fuel pin is extracted by the semi-automatic pin-pulling machine from a sub-assembly held in the port chuck of the fuel disassembly cave. The sub-assembly has been prepared for pin extraction by laser cutting of its wrapper to expose the fuel pin bundle.

A companion series of experiments are also being made in a French-German reactor at Cadarache, in the south of France. Cabri—named for its great leaps in power—can simulate even more rapid rises in reactor temperature than Treat. Britain, as "junior partner" in the Cabri experiments, is trading the results of the Anglo-U.S. experiments in Treat for the data from tests on French and German fuels.

Another, and possibly more far-reaching Anglo-American experiment in the Dounreay PFR is scheduled to start next spring. It could lead to the use of fast reactors as nuclear "incinerators" capable of burning up highly radio-active waste.

The U.S. national energy laboratory at Oak Ridge has succeeded in making some "pinlets" of radio-active residues from the reprocessing of spent nuclear fuel. When uranium atoms fission (split), the cocktail of new elements formed includes some whose radio-activity is very long-lived. If these could be transmuted by further irradiation into shorter-lived radio-isotopes, the problem of storing waste safely might be simplified.

The U.S. national energy laboratory has succeeded in making some fuel from highly radio-active residues from reprocessing. It has made pinlets contining curium oxide, americium oxide, and mixtures of the higher actinides.

These pinlets, about one inch long, are designed to be assembled into a full-length pin which can be fitted into a fuel assembly for PFR. The first American pinlets have already arrived in Britain and are being assembled into irradiation rigs. Each pinlet contains about 1 gram of the actinides.

The idea for this experiment came from Mr Cliff Blumfield, director of the Dounreay Nuclear Power Development Establishment. The challenge was accepted by an Oak Ridge scientist and his laboratory undertook what Mr Blumfield sees as the trickest task, namely separating the actinides as "fuel for the pinlets"

Cliff Blumfield believes that in order to destroy the higher actinides it will be necessary to leave them in a fast reactor for about 20 years. It would call for a particularly durable design of fuel assembly. Initial experiments, however, are to remain in PFR for only a matter of 16-18 months, before they will be examined.

Again, no money will change hands between the UK AEA and the U.S. Department of Energy. In exchange for its neutrons from PFR, Britain expects to learn how the U.S. separates and packages actinides into pinlets.

U.S. fast reactor researchers, hobbled by the long hold-up over the Clinch River demonstration project, are eagerly seeking British experience with the fuel cycle for fast reactors. Dr Walter Marshall, chairman of the UK AEA, in his annual report, singled out the achievements of the Dounreay in attempting to "close the fuel cycle" and return plutonium from PFR as freshly-made fuel for the reactor.

This week the new reprocessing plant for fast reactor fuel at Dounreay will be demonstrated to delegates from a four-day international conference, on fast reactor fuel cycles, organised by th British Nuclear Energy Society in London. At this meeting Britain will disclose details of what Dr Marshall claims to be "the first time that plutonium fuel irradiated in a fast reactor has been recycled through dedicated fuel reprocessing and fabrication plants." The economics of fast reactors are intimately bound up with keeping the fuel moving swiftly and freely around this cycle, minimising the inventory of plutonium required.

At Dounreay, about 1.2 tonnes of uranium and plutonium with a maximum burn-up of 6.4 per cent was reprocessed in about six weeks, producing some 200 kg of plutonium. This plutonium has been shipped, as two cargoes of an apple-green solution of plutonium nitrate, by sea to the Sellafield (Windscale) factory of British Nuclear Fuels. It is now being remade into fuel and some fuel is expected to be back in the reactor "reasonably early next year," Cliff Blumfield forecasts.

Dounreay will reveal that the chemical side of its reprocessing operation ran more smoothly than could reasonably have been expected. A crucial finding was that the amount of plutonium left adhering to the steel cladding of the fuel was far less than had been expected. This is crucial not just because no-one wants to waste so precious a metal, but because of the problems it causes as a pollutant and in safeguarding the operation against theft or diversion of plutonium to illegal uses.

The main problems in reprocessing turned out to be in in mechanical engineering. The laser that "tops-and-tails" the highly radio-active fuel assemblies worked well, without needing oxygen to speed the cut. But the mechanical shearer that chops the fuel into fragments for the dissolvers proved more troublesome.

Pioneers

In another Anglo-U.S. collaboration the UK AEA has dispatched a new shearer to Oak Ridge, for joint studies of fast reactor reprocessing technology. The U.S. researchers have plans to build a "hot experimental facility" at Oak Ridge, handling radio-active material, as part of the infrastructure for the Clinch River project, to be built nearby.

Britain's £46m (1980-81) development programme at Dounreay is pioneering internationally in a politically important way, too. It is becoming the test-bed for the International Energy Agency in Vienna — custodians of the Non-Proliferation Treaty — in the agency's efforts to develop techniques for safeguarding plutonium fuel against illicit use. Britain offered Dounreay as an establishment the IAEA might train at, three years ago, Mr Blumfield says.

The first IAEA safeguards inspector arrived this summer. Since then, inspectors of several nationalitities — including the East bloc — have inspected the site. Novel surveillance equipment developed by the UK AEA at Harwell, and also in the U.S., is being installed to keep track of fissile material movements round this very complex site. Euratom safeguards inspectors are also participating in these experiments.

But the story goes back much further, to the late-1960s, when Dounreay first began to develop techniques for total accountacy for fissile and radio-active substancies at the site. "Everything that goes into waste is lost from the breeding cycle," Mr Blumfield points out.

The shift in the mid-1970s from the experimental fast reactor to the PFR, as the centre of Dounreay's operations, greatly exacerbated the problems. The PFR's fuel contained 20 times as much plutonium, and 5-10 times as much radio-active fission products. Effluent from the reprocessing of PFR fuel is 10 times as radio-active as that from the earlier fuel.

But Cliff Blumfield, director since the mid-1970s, refused to allow any relaxing of limits on radio-activity discharged to the sea. He also wanted both liquid and solid wastes purged of the last traces of plutonium so that, in the case of solids, once the gamma radiation had decayed, the waste could simply be buried as low-level waste in the ground.

"They've done an exceptionally good job," he says of his researchers. But he admits he is constantly urging them on to greater achievements in plutonium recovery. "Our objective is to build no more radio-active waste stores on the site."

Dounreay's new solid waste store—a focus of interest for the IAEA inspectors because the waste includes plutonium—operates like a railway marshalling yard in which the sealed drums of waste are shunted around by a computer. The controlling factor that determines where each drum is stored is the amount of plutonium contamination. The IAEA inspectors can point to any drum on the inventory and ask for it to be fished out again for plutonium assay.

Since it costs about £15 per cubic metre to store waste in this very sophisticated facility, the UK AEA has a strong economic incentive to recover and recycle every trace of plutonium, and release the waste for ground burial in a much simpler store.

Atlanta's broadband

SCIENTIFIC ATLANTA, a U.S. corporation specialising in hardware for the communications and instrumentation market, has launched a new device which will make it possible to distribute voice and data over closed circuits television cable.

The device is a broadband modem (modulator-demodulator) which takes digital signals, the language of the computer, and converts them into analogue signals which can be transmitted over circuits such as the telephone network or the broadband television cable network.

The Model 6400 broadband data modem, the new Scientific Atlanta device, makes it possible to use that portion of the bandwidth in a closed circuit television not carrying video entertainment to be used to transmit and receive high speed data.

The new offering is aimed primarily at the U.S. market where cable television is much more developed than in Europe.

Many observer believe, however, that in the long run, cable television offers the best method of distributing business information and entertainment to homes and offices.

New Rhone plant print models

RHONE POULENC SYSTEMS has lanched a range of semi-dry plan printers available in three, five and seven lamp versions using 140w fluorescent tubes.

The three lamp version, the SD230, has two heaters and the five and seven lamp models, SD250 and SD270, incorporate three heaters.

Although the machines have a 10-minute warm-up time, they can, says the company, then be switched to an idling position to save energy.

A new development by comparison with the company's earlier range is a facility for automatic draining and cleaning. When switched off the machine will automatically carry out a three-cycle cleansing operation. This prevents crystallisation, a problem with other models.

The company has also repositioned the developer tank at the rear of the machines instead of on top, thus avoiding damage to originals from spillage. Any semi-dry materials can be used.

The range is available with their own stands but a front receiving tray, standard on the 270, is an optional extra on the other two models. Prices range from £1,500 to £2,800.

Details from the company at High Street, Houghton Regis, Beds. 0582 605551.

POINTERS

Filter elements

FAIREY FILTRATION has introduced a new range of filter elements with a nominal five micrometre rating.

They are the disposable cartridge type elements and are designed to fit all standard Fairey filters. They are suitable, the company says, for all fluids including the high water based fluids.

Fairey believes the new elements can be used for applications calling for 10 micrometre absolute filtration, or the upgrading of an existing ssytem without going to the high cost of one micrometre elements. More on 01-897 9041.

Wire wrapping

STAVELEY COMPUTING of Worcester sas developed a general-purpose interactive program for the preparation of control tapes for any make of semi-automatic wire wrapping machine.

The program, which will operate on any computer with a Fortran IV compiler, is menu-driven via a VDU and requires no prior computer experience in order to achieve successful results.

Wiring board geometry of standards boards, and of individual connectors that are in constant use, are stored in a Master File and may be called up whenever required.

Wiring data in either "string" or "from-to" format can be input directly from a schematic drawing and any error is detected as the information is entered.

Alternatively, output from existing CAD programs can be interfaced directly with the wire wrapping program.

Powerful editing facilities are available, eg, copy, add, change, delete, which enables alterations to data or wiring procedures to be effected quickly and new control tapes produced. More on 0905 53335.

Small software

ICL IS marketing a version of the Paxton Business Desk software on its new DRS20 small computer system.

The software is designed for small companies and covers conventional book keeping, invoicing and stock control.

It includes sales, purchase and nominal ledger for balance forward or open item operation with bank, petty cash and VAT books.

The programs are written in Cis Cobol: Paxton Computers was set up in 1979 and its Business Desk system now runs on more than 20 different computers. ICL on 788 7272; Paxton Computers on 0480 213785.

Dow shows early gain of 5.33

STOCKS WERE higher at mid-session on Wall Street, with much of the market's strength centred in Blue Chip issues.

The Dow Jones Industrial Average was up 5.33 to 860.54 at 1 pm. Advances led declines by eight to five as volume expanded to 40.98m shares, against 32.63m on Monday.

The NYSE All Common Index was 28 cents higher at $71.95.

The uptrend was attributed to recent declines in interest rates but analysts said the rally was tempered somewhat by more negative economic news, such as the 0.6 per cent rise in October wholesale prices announced yesterday.

The Dow Jones average reflected a strong showing in Blue Chip stocks, which generally performed better than the market as a whole.

Analysts said strength in the Blue Chips tends to signify increased institutional trading activity, often a healthy sign for the market.

IBM was the most active issue in the group, up 1⅛ to $52⅞ on turnover of some 350,000 shares. Other gainers included International Paper, up 1⅞ to $41½, Merck, ¾ to $78¾, Kodak, ½ to $66⅝ and General Electric, ⅜ to $56.

The Marathon-Mobil battle continued to attract investor attention. A federal court in Cleveland ruled that Mobil may continue to solicit Marathon stock under its $85 a share tender offer but may not purchase the stock until the court rules on Marathon's motion for a temporary injunction.

Marathon dropped 2⅞ to $82⅞ on the news while Mobil was unchanged at $24⅞. Sedco, which raised its stake in Marathon to 7.7 per cent from 5.5 per cent, dropped ⅜ to $33⅞.

THE AMERICAN SE Market Value Index was off 1.02 to 324.27 at 1.00 pm, on volume of 3.85m shares (3.13m).

Closing prices for North America were not available for this edition.

Canada

Stock prices moved higher at mid-session, buoyed mostly by the drop in interest rates, and the Toronto Composite Index was up 10.5 at 1,935.1.

Winning issues edged the losers 197 to 159 on volume of 2.72m shares (2.99m).

Real Estate rose 219.1 to 6,597.3 with **Cadillac Fairview** up ¼ at C$13½. Financials rose 23.4 to 1,359.5 with the **Royal Bank** up ⅜ at C$27½ and **Bank of Montreal** up ¼ at C$26⅞.

Hong Kong

Stocks closed firm after rising throughout the day, with investors weighing the possibility of another cut in local interest rates this week, following last Friday's cut.

A *general decline in overseas* interest rates, including a cut in base rates in the UK as well as more U.S. banks lowering prime rates on Monday, fuelled the speculation on local cuts.

The Hang Seng Index rose by 51.18 to 1,435.47 in active trading against Monday's 11.63 fall.

Leaders performed strongly with a general interest in Public Services shares. **Hongkong Telephone** rose HK$1 to HK$21, **Hongkong Electric** 25c to HK$5.50, and **China Light** 40c to HK$11.30.

Jardine Matheson gained HK$1.10 to HK$17.90, **Jardine Securities** HK$1.20 to HK$15.40, **Hongkong Land** 55c to HK$10.20 and **Cheung Kong** 80c to HK$22.90.

Second liners were also generally higher but below the leaders' gains.

Tokyo

Share prices closed slightly higher, led by export-oriented issues on expectations that the Government hopes to solve trade conflicts by increasing imports rather than restricting exports.

The Nikkei Dow Market Average gained 11.86 to 7,528.21 in light trading. The Tokyo Stock Exchange Index added 1.01 to 553.74.

Light Electricals, Precisions, Autos, Heavy Electric Machines and Consumer Credit companies advanced, aided by the overnight rise on Wall Street and the easier trend in U.S. interest rates. However, Drugs fell on profit-taking.

Sony fell Y30 to Y4,250 but most other Blue Chips rose—**Pioneer** gained Y40 to Y2,550, **Matsushita Electric Industrial** Y20 to Y1,360 and **Canon** Y25 to Y975.

Communications shares remained strong on reports of brisk exports of push-button telephones. **Nitsuko** advanced Y50 and **Iwatsu Electric** Y44.

Australia

Cautious trading lifted prices of key Industrial and Mineral issues but the market showed *few signs of a solid surge which* would consolidate last week's six-day rally.

The All Ordinaries Index was 3.1 higher at 576.2 at the close.

News of more gas discoveries in the Cooper and Surat basins, a firmer close by Wall Street and further cuts in U.S. prime and broker loan rates failed to inspire confidence among investors. Brokers said no clear trend was emerging and the market was starting to drift.

The All Metals and Minerals Index rose 4.1 to 440.1 but trading in Resource stocks was mixed.

BHP rose 15c to A$10.50, **CSR** 3c to A$2.35, **Southern Pacific** eased 2c to A$52, **MIM** gained 5c to A$3.40, **Pancontinental** shed 15c to A$2.45, **Santos** rose 12c to A$5.48, and **CRA** fell 5c to A$3.00.

Germany

Leading share prices closed barely steady after a quiet session which saw the Commerzbank Index fall 1.60 to 685.50.

Prices rallied briefly in mid-session on news of favourable terms for a new federal loan, but fell back again on insufficient follow-through buying. **Siemens**, due to make a dividend statement soon, was again weak and closed DM 1.20 lower at DM 204.30.

Commerzbank, which said it will not pay a dividend for 1981, fell DM 0.20 to DM 128.20, though dealers said the news came as no surprise to the market. **Bayern Hypo** featured with a rise of DM 6 to DM 183.

VW displayed renewed weakness and fell DM 2.70 to DM 124.30, while **Daimler** was down DM 2.50 at DM 344.50 and BMW DM 0.80 at DM 182.50.

BASF, which reported higher turnover in the first nine months, edged DM 0.20 lower to DM 133.30, while **Bayer** slipped DM 1.10 to DM 118.90 and **Schering** DM 2.40 to DM 276.

On the domestic bond market the mood turned positive following news of terms for the new DM 1.6bn 10-year federal government loan, which dealers judged to be in line with market conditions.

Public authority bonds rose by up to DM 0.50, with some losses of up to DM 0.35, while the Bundesbank bought a nominal DM 1.3m of paper after market transactions were balanced on Monday.

Paris

Share prices tended easier in quiet trading for the first session running with no major new factors influencing trading.

The further rise in call money to 16 per cent and the decision to raise workers' and employers' social security contributions had no apparent impact as operators look few initiatives ahead of today's Armistice Day holiday.

Switzerland

Share prices eased over a broad front as leading Industrials and Financials suffered from renewed concern over a foreseen slowdown in the Swiss economy.

Johannesburg

Anglo American Industrial Corp featured an otherwise dull Industrial Sector, gaining R2 to R35.00 on news of its merger with De Beers Industrial Corp.

Indices

NEW YORK —DOW JONES

	Nov. 9	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
*Industr'ls	856.21	852.46	859.11	866.82	868.72	866.82	1024.05 (27/4)	824.01 (25/9)	1051.70 (11 1/73)	41.22 (2/7/32)
H'me Bnds	58.56	57.86	—	57.25	57.11	56.81	65.78 (15/1)	54.99 (1/10)	—	—
Transport	365.03	365.17	364.18	386.76	381.44	378.73	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	109.40	107.55	108.45	108.65	108.24	108.09	117.81 (5/1)	101.28 (28/9)	165.32 (20/4/63)	10.5 (28/4/42)
Trading Vol. 000's	46,310	43,270	50,860	53,450	54,620	65,100	—	—	—	—

*Day's high 861.49, low 844.65.

	Nov. 9	Nov. 2	Oct. 23	Year ago (approx)
Ind. div. yield %	6.51	6.46	6.58	5.85

STANDARD AND POORS

	Nov. 9	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	137.25	136.75	137.82	139.32	139.48	138.77	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	123.29	122.67	123.64	124.74	124.80	124.20	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/3)

	Nov. 5	Oct. 28	Oct. 21	Year ago (approx)
Ind. div. yield %	5.18	5.54	5.37	4.46
Ind. P/E Ratio	8.51	8.14	8.30	9.15
Long Gov. Bond yield	13.60	14.70	14.65	12.36

NY. S.E. ALL COMMON

Nov. 9	Nov. 6	Nov. 5	Nov. 4	1981 High	1981 Low
71.67	71.35	71.79	72.38	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Nov. 9	Nov. 6	Nov. 5
Issues Traded	1,941	1,914	1,898
Rises	896	591	674
Falls	678	933	815
Unchanged	367	390	409
New Highs	48	—	34
New Lows	27	—	23

MONTREAL

	Nov. 9	Nov. 6	Nov. 5	Nov. 4	1981 High	1981 Low
Industrials	332.01	330.29	329.04	328.16	409.56 (27/6)	310.21 (25/9)
Combined	312.81	310.57	309.57	308.01	375.28 (15/8)	298.97 (25/8)
TORONTO Composite	1924.6	1915.4	1906.7	1906.4	2576.6 (10/4)	1842.49 (25/8)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Va. Elec	721,800	12½	+ ⅛	Texas Ut	627,500	21½	+ ⅛
Comw. Ed.	682,000	21½	+ ⅛	Bally Mfg.	597,200	29½	+ 2
Marathon O. xd	669,200	85¾	− 2	Mid-So. Util.	592,700	13⅛	+ ½
ATT	663,500	60½	+ 1⅛	Mobil	579,800	24⅞	− ⅛
Southern	661,300	12⅛	+ ⅛	Owens-Ill.	559,100	27⅞	− ⅛

	Nov. 10	Nov. 9	Nov. 6	Nov. 5	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	576.2	573.0	576.9	572.9	737.3 (8/4)	545.8 (29/10)
Metal & Minrls (1/1/80)	440.1	436.0	445.8	459.4	736.2 (7/1)	410.6 (29/10)
AUSTRIA Credit Aktien (2/1/62)	56.19	56.10	56.23	54.98	68.43 (6/1)	55.64 (13/10)
BELGIUM Belgian SE (31/12/65)	73.64	73.87	73.50	73.79	86.15 (17/2)	69.53 (16/6)
DENMARK Copenhagon SE (1/1/73)	117.94	116.60	118.35	118.66	119.00 (25/8)	96.88 (2/1)
FRANCE CAC General (29/12/61)	86.8	87.6	87.80	88.40	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	93.3	93.7	94.20	94.50	106.3 (10/3)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	223.93	224.23	225.77	227.18	245.47 (5/7)	215.88 (9/2)
Commerzbank (Dec 1953)	685.5	687.1	693.40	698.00	749.0 (5/7)	686.4 (15/2)
HOLLAND ANP-CBS General (1970)	84.5	84.2	85.7	85.30	96.8 (20/8)	78.5 (28/9)
ANP-CBS Indust (1970)	63.3	63.6	62.9	62.60	76.4 (22/6)	61.5 (30/10)
HONG KONG Hang Seng Bank (31/7/64)	1435.47	1384.29	1395.92	1420.15	1810.20 (17/7)	1113.77 (5/10)
ITALY Banca Comm Ital (1972)	166.15	166.58	168.80	167.72	282.03 (5/6)	165.44 (24/7)
JAPAN** Dow Average (16/5/49)	7528.21	7516.35	7536.53	7546.50	8019.14 (17/8)	6956.52 (13/5)
Tokyo New SE (4/1/68)	553.74	552.73	554.55	554.48	603.92 (17/8)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	138.25	138.50	136.47	138.56	145.72 (6/8)	110.54 (3/6)
SINGAPORE Straits Times (1966)	680.43	875.56	865.27	854.99	973.26 (26/6)	615.25 (1/8)
SOUTH AFRICA Gold (1958)	(u)	628.1	633.7	641.5	787.6 (7/1)	473.6 (5/7)
Industrial (1958)	(u)	685.8	686.8	684.8	709.4 (21/10)	537.2 (5/2)
SPAIN Madrid SE (30/12/80)	127.72	(u)	127.92	126.40	146.13 (8/9)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	616.55	620.60	617.22	609.40	660.51 (10/8)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	249.0	250.4	251.5	252.50	304.2 (2/4)	245.5 (26/10)
WORLD Capital Intl. (1/1/70)	—	144.7	143.6	144.5	162.8 (8/1)	133.8 (26/9)

(**) Sat Nov 7: Japan Dow 7,489.28. TSE 552.13.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

U.S. heading for row over meat imports

BY NANCY DUNNE IN WASHINGTON

ESIDENT REAGAN'S free le policies may be dealt a w if a House-Senate con- ence committee now meeting s to weaken meat import trictions passed by both uses as amendments to the 1 Farm Bill.

lystery surrounds the prob- e affect of these provisions ause much of the language still unclear, but the New aland Government, worried ut its $400m worth of meat orts to the U.S., has lobbied ensively against the measure.

ast week Prime Minister pert Muldoon hinted that sage could jeopardise New land's defence commitments ler the 30-year-old Anzus aty with the U.S. and stralia.

he bill is also opposed by stralia, which supplies 50 per t of American meat imports has been keeping a low file here since the discovery September of some horsemeat ong U.S. beef imports. estigations by American and stralian authorities are still ng on, but apparently the semeat came from two or ee illegal operations in the te of Victoria.

While the horsemeat incident e impetus to the proposed islation, the amendments sed by both houses would go much farther than requirements for species identification.

The senate provision would prohibit the importation of meat products produced with agricultural chemicals, animal drugs or medicated feed not approved for the same use in this country.

The less restrictive, but potentially trouble-making House amendment would prohibit the importation of meat or meat products using agricultural chemicals or animal drugs directly prohibited in the U.S.

A proviso in the House amendment would allow the President to set aside the legislation if he finds it would cause serious damage to the export of domestic agricultural products. However, the language is not specific as to whether or not the President can completely disregard the amendments or apply it to only specific countries or products.

New Zealand officials see the legislation as one of a series of moves against the nation's exports.

"If this is a legitimate food safety issue, then why give the President the power to act if U.S. exports are threatened," an embassy spokesman asked.

The Department of Agriculture (USDA) has lobbied hard against the Act, fearing reprisal against U.S. agricultural exports. In a letter to David Stockman, the Administration's top budget official, Mr Richard Lyng, USDA deputy secretary, said the Senate amendment could virtually eliminate all meat imports.

"Most countries exporting meat and meat products to the U.S. use some agricultural chemicals, animal drugs or medicated feeds not approved for the same use in this country because of different agricultural practices and needs," he said. "For example, Australia and New Zealand supplied 81 per cent of America's beef imports in 1980. These countries use 38 chemical compounds in the animal agriculture which are not approved for the same use in the U.S."

In 1980, the U.S. imported $2.3bn-worth of meat and meat products and exported $890m-worth. The Department of Agriculture says the amendments would violate GATT rules which could authorise other countries to withdraw trade concessions.

They worry that its trading partners will ban U.S. products using chemicals not approved overseas. The EEC, for example, could restrict $300m worth of U.S. meat exports, because the Americans allow the use of growth promotants.

France eases exchange controls

PARIS—French Finance Minister Jacques Delors said yesterday he will ease foreign exchange controls for importers of wool, coffee, rice, leather and hides in the next three days.

M Delors said the measure would allow these importers to buy foreign currency forward to cover their purchases.

He added that importers of these five commodities had been hardest hit by the previous tightening of foreign exchange controls to defend the franc.

France banned forward purchases of foreign exchange for all importers on September 19 but the finance ministry said last week the rule would be eased for some commodity importers.

M Delors said that monetary disorder and uncertain future trends for interest rates and the dollar were too great to allow any other easing of foreign exchange controls for the moment.

The minister said French base rates were unlikely to fall below their current 14 per cent and any new reduction would depend on concerted action among European countries to reduce their rates and perhaps influence U.S. rates.

He said the French economy was showing signs of recovery with foreign sales and domestic consumption both rising. Reuter.

Sydney exchange debars trader

SYDNEY — The board of the Sydney Futures Exchange said it debarred Alpex Commodity Traders from trading as an associate member.

This action will remain in force until the company has settled with all its creditors to the satisfaction of the board. Alpex is active in most Australian commodity trading areas.

In mid-October Citicorp Australia appointed receivers and managers to an apartment block in Queensland's Gold Coast following default by the owner, an Alpex subsidiary, on a A$3.5m mortgage.

On October 30, Alpex reported a A$2.5m net loss for its 1980-81 trading year.

The exchange move was taken in spite of an assurance from Alpex it would give details of its commodity trading operations, previously withheld, to two clients who had requested them. Reuter.

MARKET PROFILE: SUGAR

Searching for new accord

BY ROY HODSON

THE 1977 International Sugar Agreement which is supported by 59 member countries has worked reasonably well. It has probably made a greater contribution than any earlier arrangement towards maintaining equity and order in the output of close on 100m tonnes of sugar which is generated each year by the non-Communist world, together with that prolific producer, Cuba.

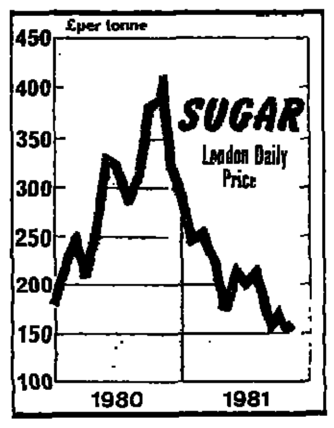
As the Agreement reaches the final year of its theoretical life, however, it is coming under severe strain. Its role as the policeman of the industry is becoming less effective with every passing day.

Diplomats and trade experts from the signatories to the Agreement are beginning a series of committee meetings and information discussions in London this week to seek a new formula acceptable both to producers and consumers. By the time the full meeting of the ISO opens on November 19 a consensus may have been reached among the members whether to extend the present sugar agreement (as they can) for up to two years or whether to negotiate a new agreement.

The difficulties inherent in a new agreement are daunting. "I remember the trouble getting the U.S. to sign the last one: nobody wants to go through all that again," said one delegate.

A second meeting is scheduled for November 20 so that delegates can have a reasonable amount of time to agree if they find it impossible to conclude their business during the usual one-day session. However, the future management of world sugar has become such a cliff-hanger that no one involved appears to have confidence that a decision can be arrived at in London this month, however much time is allowed for conferring.

ISO officials, alert to the crisis, have already undertaken some long-range contingency planning. Hotel and conference hall bookings have



been made in Geneva for the spring of 1982 in case it is necessary for delegates to negotiate a wholly new sugar agreement there under the auspices of the United Nations Committee on Trade and Development (Unctad).

Behind the diplomatic flurry over the dying embers of the existing sugar agreement lie the pressures of new market forces which have become potent during the four years the agreement has run already.

The short period of high sugar prices in 1980 has been followed by good harvest growing sugar surpluses, and falling prices. There is now a clear division of opinion in the trade whether prices will start rising during coming months, or whether they will be depressed even further by the big surpluses of sugar which are building up.

Cuba, Australia, and Brazil are the three biggest sugar exporters. Australia and Brazil are each exporting some 2.6m tonnes a year.

Under the ISO quotas, Cuba is permitted to export 2.5m tonnes a year. The Cubans showed themselves doughty negotiators when the last agreement was hammered out and secured a particularly big export quota.

In addition to that massive trade pipeline to the non-Communist world Cuba also has commitments to supply up to some 5m tonnes a year to Russia and other Communist countries.

The trouble with Cuba is that she has not been successful in fulfilling her grandiose sugar commitments because of inefficient production and crop disease.

Nevertheless, Cuba may not agree to any renegotiation of the present sugar agreement which would give her rivals Australia and Brazil higher export quotas than herself in a future agreement.

Whatever problems Cuba poses for a sugar agreement, however, are dwarfed by the European Economic Community. The Community countries are building up one of the world's most embarrassing sugar surpluses by the extension of sugar beet growing coupled with abnormally good harvests. Only about half the European crop for 1981 is in yet but it promises to yield up to 15m tonnes. Add to that the 1.3m tonnes of cane sugar imported from the Caribbean and processed in the EEC countries under the Lomé Convention and it is clear there will be more than 6m tonnes of surplus sugar available in the EEC. As the non-Communist world international trading market for sugar is only about 20m tonnes shared among 29 countries it can be seen that the EEC surplus is a time-bomb that could explode with reverberations all round the world.

The forthcoming London talks may ultimately depend upon the attitude taken by the EEC. The Community in Brussels has told the ISO it now has a mandate to negotiate at the talks on behalf of all EEC members instead of them being represented individually as happened at past sugar summits. But it is still unclear whether EEC politics will permit a Brussels team to appear in London to speak for the Community's sugar interests. The commercial experts in Brussels would like to take part as a way of placing the EEC sugar problem squarely under the management of the International Sugar Agreement. France, where the expansion in beet production has been sizeable, is against such a transference of power away from the Common Agricultural Policy, and expects to be supported by the European sugar manufacturers.

At present it seems likely that Brussels will win the day and that the EEC will take part in world sugar talks for the first time. Whether or not it will be welcomed depends upon how badly other producers such as Australia feel inclined to repay old scores against the EEC and its agricultural policies.

Copper under pressure

BY ROY HODSON

PPER has come under ssure in U.S. trading and the akness in the market was lected in London Metal change dealings yesterday. sh copper wirebars closed at 7 a tonne, a fall of £21 on day's trading. Three months ebars lost £22 to close at 4.25. Asarco in New York its domestic price for electrolytic copper cathodes by cents a pound yesterday.

hreats of a new copper ning strike in Chile have eded. Unions representing ners, administrative and hnical workers at the Exxon poration's Disputada de las ides copper mine called off a nned strike yesterday after ching agreement on pay reases.

he tin market continued to strong in Penang and London with further record high trading prices being recorded in both markets. The Straits tin price in Penang rose by 6 cents to 35.68 ringgit a kilo—a 13 months trading high. The price is still within the International Tin Council's upper sector trading range.

The London and Penang markets were influenced by the persistent buying operations that have encouraged the rise in tin prices in recent weeks. In London Metal Exchange trading tin put on £7.5 for cash to close at £8,322.50 a tonne.

Aluminium prices staged a modest rally in London to finish at £583.50, an increase of £1.50 on the day's trading.

● Jamaica is to supply bauxite to the U.S. strategic mineral stockpile and is seeking a contract to supply the Soviet Union. The search for new markets has been forced by a reduction in bauxite operations here by cutbacks implemented by the North American mining and refining companies.

Mr Edward Seaga, the Prime Minister and Mining Minister, said he had received an undertaking from President Reagan that Jamaican bauxite would be purchased for the strategic stockpile. Mr Seaga said the quantity was being negotiated.

The government recently sent a mission to the Soviet Union to discuss what it said was an interest by Moscow in purchasing 1m tonnes of Jamaican bauxite per year. There has been no indication as to the outcome of these negotiations.

Argentine wheat cut

BUENOS AIRES—About a fifth of the wheat crop Argentine farmers planned to harvest this January has been lost to drought, Mr Victor Santirso, Under Secretary for Agriculture, said this week.

Mr Santirso, before leaving for the meeting of the UN Food and Agriculture Organisation meeting in Rome, said the rains that fell last week after 60 days of drought improved wheat harvest prospects dramatically and calmed fears that the later maize, soyabean and sorghum harvest would suffer.

"We're going to have a wheat harvest that is acceptable—not a great harvest, but one quite near normal," he said. He predicted it would be about 7m tonnes, compared to the 8.5m to 9m that would have been harvested had their been more rain.

He said the sowing of coarse grains, which has delayed because of the drought, was proceeding with great intensity." I think we are going to have a very important surface area covered this year," he said—AP

UK farmland statistics

BY OUR COMMODITIES STAFF

THE AREA of UK farmland devoted to food grains at June 1 totalled 3.99m hectares, up from 3.938m a year earlier, according to the latest agricultural returns published by the Ministry of Agriculture. The wheat area was up 4 per cent to 1.493m hectares while barley sowings were unchanged at 2.338m hectares.

The fodder crop area totalled 224,000 hectares, 7 per cent less than in June 1980.

Potatoes covered 190,000 hectares, down 7 per cent, sugar beet (not for stockfeeding) 210,000, down 1 per cent, hops 6,000, down 2 per cent, and horticultural crops 252,000, down 7 per cent.

The total arable land area was 6.999m hectares virtually unchanged from June 1980. The grassland area (five years old and over) was also more or less the same at 5.11m hectares. Rough grazing amounted to 6.312m hectares, down from 6.333m.

RITISH COMMODITY MARKETS

ASE METALS

WARD TIN attained record levels the fourth successive trading day ne London Metal Exchange, renewed ng by the influential operators in tin market lifted three months to gh of £8,655 by the close of trading. per fell sharply to £905.5 after as overnight American selling was wed by renewed and heavy selling 3omex. Lead closed at £376, Alum at £608.5 and Nickel at £2,755. dropped to £489 on rumours of ttlement at Tara Mines but rallied lose at £494.5.

PPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
bars				
	880.5-1	-14.5	876.5-7.5	-21
nths	907.5-8	-14	904-.5	-22
em't	881	-14.5	—	......
odes				
	876-8	-14.5	872-4	-21
nths	904-5	-13.2	899-901	-21.5
em't	878	-14	—	......
od	—		*80.7-85	......

algamated Metal Trading reported in the morning cash wirebars d at £881.00, three months higher £908.00, 07.00, 06.00, 06.50, 05.50, 06.00, 07.00, 08.50, 07.00, 08.00. Cathodes, three months 00. Kerb: Wirebars, three months 50, 07.00, 06.00, 06.50, 06.00. Afternoon: Wirebars, higher three months £906.50, 07.00, 06.00, 04.00, 04.50, 05.00, 04.50. Wirebars, three months £904.50, 04.50, 04.00, 03.00, 02.50, 03.00, 04.00, 05.00. Turnover: 16,275 s.

D	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
......	361-.5	-2	359.5-60.5	-2.5
nths	375.5-6	-1	374-5	-1.25
em't	361.5	-2		......
ipot	—	......	*36-40	......

d—Morning: Cash £361.50, 61.00, months £376.00, 77.00, 76.50. Kerb: Three months £375.50. Afternoon: Three months £374.00, 73.00, 74.00, 75.00, 74.00, 73.50, 73.00, 73.50, 74.00, 74.50. Kerb: Three months £375.00, 76.00, 78.00, 77.00, 76.00, 77.00. Turnover: 11,050 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8330-50	+35	8320-5	+7.5
3 months	8655-60	+50	8650-2	+26
Settlem't	8350	+40	—	......
Standard				
Cash	8330-50	+35	8320-5	+7.5
3 months	8655-60	+50	8650-2	+26
Settlem't	8350	+40	—	......
Straits E.	‡$35.68	+0.06		......
New York	—	....		

Tin—Morning: Standard cash £8,330, 35, three months £8,650, 60, 55, 50, 55. High Grade, cash £8,350. Kerb: Standard, three months £8,655, 53, 51. Afternoon: Standard, three months £8,652, 53, 52, 50, 51. Kerb: Standard, three months £8,650. Turnover: 1,955 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	479.5-80	-3.5	479-80	-5
3 months	493.5-4	-3	494-5	-4
S'ment	480	-3.5	—	......
Primw'ts	—	—	*45.5-50	......

Zinc—Morning: Cash £480.00, three months £494.00, 93.00, 92.00, 91.00, 90.00, 89.00, 90.00, 91.00, 92.00, 93.00, 94.00, 94.50, 94.00. Kerb: Three months £494.00, 93.50. Afternoon: Three months £494.00, 94.50. Kerb: Three months £495.00, 94.00, 93.00, 93.50, 94.00, 95.00. Turnover: 1,175 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	582.5-3.5	......	583-4	+1.5
3 months	607.5-8	......	607.5-8	+1

Aluminium—Morning: Three months £608.00, 07.00, 07.50. Kerb: Three months £607.00. Afternoon: Three months £607.00, 07.50, 07.00, 08.00, 07.50. Kerb: Three months £609.00, 08.00, 08.50. Turnover: 5,550 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2660-5	.....	2670-80	-5
3 months	2740-5	+4.5	2750-60	+7.5

Nickel — Morning: Three months £2,760, 55, 40. Afternoon: Three months £2,745, 50. Turnover: 396 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 7.6p an ounce lower for spot delivery in the London bullion market yesterday at 473.5p. U.S. equivalents of the fixing levels were—spot $8.89, down 22.1c; three-month $9.19, down 23.2c; six-month $9.505, down 23.2c; and 12-month $10.136, down 30.5c. The metal opened at 474-477p ($8.85-8.9) and closed at 465-470p ($8.7-8.8).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	473.50p	-7.60	465.0p	-18.5
3 months	490.40p	-8.40	482.75p	-15.7
6 months	507.40p	-8.40	—	..
12 months	540.60p	-11.4	—	

LME—Turnover 98 (55) lots of 10,000 ozs. Morning: three months 489.0, 89.5. Kerb: nil. Afternoon: three months 486.0, 85.0, 83.0. Kerb: three months 482.0, 80.0, 81.5, 82.0, 81.0, 82.0, 83.0.

COCOA

A quiet morning was followed by an active afternoon which saw prices further eroded on a combination of stop loss and outright selling. Physical cocoas was again neglected with producers and consumers awaiting the outcome of the ICO meetings, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1145-46	-26.5	1164-43
March	1140-41	-27.5	1162-40
May	1135-38	-30.0	1162-35
July	1135-36	-29.5	1162-35
Sept	1144-45	-27.5	1167-45
Dec	1160-61	-24.5	1180-60
March	1170-80	-25.0	1195-90

Sales: 2,904 (1,970) lots of 10 tonnes.

ICCO—Daily price for November 10: 92.05 (95.43); indicator price for November 11: 93.71 (94.48).

COFFEE

A featureless session saw values fluctuating within the recent range, reports Drexel Burnham Lambert. A steady "C" market failed to have any significant impact on prices in London.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1123-25	+14.0	1125-12
Jan	1137-38	+9.5	1142-28
March	1134-35	+9.0	1139-28
May	1136-37	+13.5	1136-25
July	1137-40	+12.5	1133-29
Sept	1140-42	+9.0	1137-35
Nov	1135-52	+5.0	—

Sales: 1,954 (2,522) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 9. (U.S. cents per pound). Comp daily 124.14 (124.46); 15-day average 121.24 (120.78).

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Nov	106.60	+0.15	102.35	+0.40
Jan	108.75	+0.15	104.55	-0.10
Mar	112.10	+0.10	107.80	+0.05
May	115.50	—	110.90	—
July	119.00	+0.05	—	—
Sep	106.60	—	100.70	—

Business done—Wheat: Nov 106.60 only, Jan 108.80-108.60, March 112.15-112.00, May 115.70-115.50, July no trades, Sept 106.60 only. Sales: 57 lots of 100 tonnes. Barley, Nov 102.25-102.05, Jan 104.60-104.45, March 107.90-107.80, May 111.00-110.90, Sept 100.70 only. Sales: 129 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Nov 112.50, Dec 114.50 sellers transhipment East Coast. English Feed fob, Nov 111.50 paid, Jan/March 114.75 seller East Coast. Maize: French, Nov 127.25 quoted, Dec 129.00 seller transhipment East Coast. S African White/Yellow Nov 86.25 seller. Barley: English Feed fob, Jan/March 111.50 seller East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 110.40, W Mids 107.00. Feed barley: S East 100.60, S West 102.70, W Mids 100.50, N West 100.00. The UK Monetary Coefficient for the week beginning Monday November 16 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

GAS OIL FUTURES

An unchanged opening in quiet conditions was followed by a slow rally through most of the day. Towards the close prices eased back to reflect a weaker New York opening and a quiet physical market, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	326.75	-0.25	326.75-25.00
December	326.00	-0.50	326.75-24.75
January	326.25	-0.25	327.00-25.50
February	326.50	-0.50	326.75-25.00
March	325.75	-0.25	326.00-25.75
April	325.50	-1.25	325.50-25.50
May	325.25	-0.50	325.50-25.50
June	325.50	-0.25	325.50-25.50
July	325.25	-0.25	—

Turnover: 864 (753) lots of 100 tonnes

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed uncertain. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 229.5 (same) cents a kg and SMR 20 173.5 (174.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Dec.	55.50-55.30	55.50-55.00	—
Jan	56.20-56.80	56.00-57.00	—
Jan-Mar	57.60-57.70	57.50-57.70	57.80-57.10
Apl-Jne	61.10-61.20	61.30-61.50	61.70-60.80
Jly-Sept	64.50-64.60	64.70-64.50	64.80-64.10
Oct-Dec	67.20-68.00	68.10-68.20	67.60-67.40
Jan-Mar	71.10-71.50	71.40-71.60	—
Apl-Jne	74.50-74.70	74.70-74.90	—
Jly-Sept	77.50-78.00	77.80-78.10	—

Sales: 312 (322) lots of 15 tonnes.

Physical closing prices (buyer) were: Spot 55.00p (55.50p). Dec 52.25p (same). Jan 53.25p (same).

SOYABEAN MEAL

The market opened unchanged in quiet conditions reports T G Roddick. Prices steadied on weaker sterling coupled with commission house buying but eased on trade selling to close on the lows.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	128.90-29.4	-0.45	130.00-29.20
February	132.50-33.5	-0.20	135.10-32.40
April	134.40-34.5	-0.20	134.50
June	135.30-36.8	-0.20	
August	135.60-36.1	-0.10	—
October	135.00-41.0		—
Dec	139.50-45.0	-0.75	—

Sales: 98 (121) lots of 100 tonnes

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business) New Zealand cents per kg. Dec 372, 379, nil; Jan 377, 380, nil; March 386, 390, 388; May 393, 396, 393; Aug 405, 410, 409-406; Oct 411, 413, 413-412; Dec 419, 420, 420-418; Jan 423, 424, 422-420; March 428, 433, 431-30; May 33, 439, 435. Sales: 55.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 490.5, 492.5, 492.5-490.5; March 502.5, 503.0, 504.0-502.0; May 516.0, 516.0, 516.0-515.0; July 521.5, 523.5, 522.0; Oct 520.0, 521.0, 521.0-520.0; Dec 524.0, 526.0, 524.0-523.0; March 530.0, 532.0, untraded; May 538.0, 542.0, 538.0. Sales: 105.

SUGAR

LONDON DAILY PRICE—Raw sugar £159.00 (£157.00) a tonne cif Nov-Dec shipments. White sugar daily price £174.00 (£173.00).

Opening prices were slightly higher. Following invitations from India to bid for 40,000 tonnes whites shipment end Nov/Dec quotations eased, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	160.00-61.50	160.00-62.00	161.00
March	165.50-65.55	167.60-67.70	167.90-65.75
May	169.25-69.50	171.10-71.25	171.25-69.50
Aug	173.00-75.25	175.05-75.20	175.25-73.00
Oct	177.75-77.95	179.50-79.60	180.00-78.15
Jan	178.50-80.75	180.75-82.00	
March	185.00-87.00	186.50-88.00	—

Sales: 3,156 (2,777) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £275.00 (same) a tonne fob for home trade and £268.5 (£266.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for November 9: Daily price 12.17; 15-day average 11.71.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 673 tonnes. Major purchases brought a new emphasis to the market and keen support was evident in numerous growths, with South American and African qualities to the fore.

POTATOES

LONDON POTATO FUTURES—November was again in demand, with the contract due to expire Wednesday noon. February and April opened lower but profit-taking pared losses before values eased towards the close, reports Coley and Harper. Closing prices: Nov 84.50, +1.00 (high 85.00, low 83.50); Feb 86.50, −0.20 (high 87.30, low 86.00); April 98.00, −1.00 (high 99.10, low 97.50). Turnover, 613 (602) lots of 40 tonnes.

★

HIDES—Birmingham: The market was unchanged. Second clears. Ox: 31-35.5 kg 63.5p a kg (63.5p a kg); 26-30.5 kg 69.1p a kg (69.0p a kg); 22-25.5 kg 77.1p a kg (77.0p a kg). Light cows: 25.5 kg 77.8p a kg (77.1p a kg).

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £3.00-£6.00, codling £2.40-£4.20. Large haddock £2.50-£3.90, medium £3.00-£3.60, small £2.20-£2.90, best small plaice £4.60-£5.00. Skinned dogfish, large, £5.00, medium, £4.00. Rockfish £2.00-£2.00. Saithe £2.00-£2.40.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.5 to 80.4, Eire Hindquarters 83.5 to 86.0, Forequarters 59.0 to 61.0. Veal: Dutch Hinds and Ends 121.0 to 127.0. Lamb: English Small 72.5 to 78.0, Medium 70.0 to 76.5. Imported Frozen—New Zealand PL 63.0 to 64.5. Pork: English, under 10 lbs 46.0 to 56.0; 10-120 lbs 46.2 to 54.2; 120-160 lbs 42.3 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 93.52p per kg lw (+2.76). UK—Sheep 164.51p per kg est dcw (+2.19). GB—Pigs 79.13p per kg lw (+0.77).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 6.00, 112 5.35, 138 5.30, 150 4.95; Spania: Navelinas 40/150 5.00-5.80. Satsumas—Spania: 2.60-3.30. Lemons—Outspan: 53/68 3.70-4.50, 88/162 7.00-7.50; Cypriot: 4.20-5.50; Turkish: 4.50-5.00; Italian: 80/150 6.00-7.00. Grapefruits—U.S.: Pink 32/48 7.50-8.50; Cuban: 32 4.10-4.20, pink 32/48 4.00-4.20; Jaffa: 40/60 5.40-6.00; Cypriot: small cartons 5.00-5.40, large cartons 6.00; Honduran: 5.00-5.30. Apples—French: new crop, Golden Delicious 20-lb 2.70-3.50, 40-lb 6.80-7.50, Stark Crimson 40-lb 7.00-8.50, 20-lb 3.50-4.60, Granny Smith 7.50-8.00; U.S.: Red Delicious 8.00-13.00; Dutch: Golden Delicious 26-lb 4.60, Cox's 26-lb 4.80-5.20. Pears—Dutch: Comice, 14-lb 3.50-3.80, Conference per pound 0.16-0.18; Italian: Per pound, Williams 0.20-0.23. Plums—U.S.: Per pound 0.45-0.50. Peaches — Zimbabwean: 21/26 6.00. Grapes—Spanish: Almeria 11-lb 2.20-2.60, Negra 3.30; Italian, Italia, per pound 0.35-0.40; Greek: Rozaki 1.60-1.80. Strawberries—New Zealand: 8-oz 2.20, 12-oz 2.50. Melons—Spanish: 10-kilos, green 2.50-3.50. Pineapples—Ivory Coast: Each 0.40-1.10. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50, small box 3.50-4.00; Israeli: 3.50-4.00; Canary: 2.00-3.80. Pomegranates—Spanish: 24/60 3.50-4.00. Dates—Tunisian, 30's 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8-oz 0.19-0.20. Tomatoes—Dutch: 3.40; Spanish: 2.60-3.00; Canary: 2.60-3.00. Onions—Spanish: Grano 3/5 3.30-3.60. Capsicums—Dutch: 5-kilos, red 5.00, green 5.00, yellow 5.40. Aubergines—Dutch: 6-kilos 6.50-7.00. Cabbages—Dutch: White 2.80, red 3.00.

English Produce: Potatoes—Per 55-lb white 2.20-2.50, red 2.50-2.80, King Edwards 2.80-3.20, jacket 2.50-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley's 0.18-0.23, Cox's 0.20-0.30, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound, Conference 0.12-0.18, Comice 0.18-0.25. Tomatoes—Per 12-lb, D/E 1.50-2.00. Cauliflowers—Per 12, Kent 2.60-3.00, Lincoln 2.00-2.40. Cabbages—Per bag, Primo 30-lb 1.20-1.50. Lettuces—Per 12, round 1.20-1.60, Webb's 1.60-2.00. Radishes—Per pack, 12 x 8-oz 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60 mm 2.00-2.60. Carrots—Per 28/28-lb 0.70-1.00. Beetroots—Per 28-lb round 1.00-1.20, long 1.20. Fennel—Per 10-lb 1.30-1.50. Parsnips—Per 28-lb 1.40-1.80. Swedes—Per net 0.70-1.10. Leeks—Per 10-lb 1.40-1.60. Sprouts—Per 20-lb 1.80-2.60. Pumpkins—Per pound 0.06-0.10. Turnips—Per 28-lb 1.20-1.40. Celery—Per 16/36 Hassey 4.00. Brussels Tops—Per 25-lb 1.20. Spring Greens—Per 25-lb 1.60-1.80. Savoys—Per 25-lb 1.40.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 10 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1085/1115	-10	$1150/180
Copper			
Cash w'bar	£877	21	£907
3 mths	£904.25	22	£936.5
Cash Cathode	£875	-21	£905
3 mths	£900	21.5	£932.5
Gold troy oz	$415	14.5	$443.25
Lead Cash	£360	2.5	£384
3 mths	£374.5	1.25	£393.5
Nickel	£4189.50	....	£4,219.50
Free mkt	225/275c	......	240/280c
Platin'mtr'y oz	£260	......	£260
Freemkt	£213.00	7.8	£227.05
Quicksilver†	$418/423	......	$425/430
Silver troy oz	473.50p	7.6	498.10p
3 mths	490.30p	8.4	516.90p
Tin Cash	£8,322.5	-7.5	£8225
3 mths	£8651	+26	£8352.5
Tungsten 22.0 lb	$142.01		$142.61
Wolfrm 22.04lbs	$133/138	......	$140/144
Zinc Cash	£479.5	5	£470
3 mths	£494.5	-4	£483.5
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$582.5v	-2.5	$570
Groundnut	‡	......	‡
Linseed Crude	‡	......	£420
Palm Malayan	$505z	......	$505
Seeds			
Copra Philip	$360	......	$360
Soyabean (U.S.)	$262	-1	$272.75
Grains			
Barley Fut. Jan	£104.55	+0.10	£103.55
Maize	£127.25	......	£127.5
Wheat Fut. Jan	£108.75	+0.15	£109.15
No2 HardWint	‡		£119.00
Other commodities			
Cocoa ship't*	£1,221	-27	£1,340
Future Mar.	£1140.5	-27.5	£1,247
Coffee Ft' Jan.	£1137.5	+9.5	£1,070.5
Cotton A.Index	73.95c	-0.7	75.15c
Gas Oil Nov.	$326	-0.5	$312
Rubber (kilo)	55p	-0.5	56p
Sugar (Raw)	£159	+2	£160
Woolt'ps 64s kl.	380p kilo	......	394p kilo

‡ Unquoted. w Dec-Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

BITUARY

ALLEN, aged 30, a Stock Exchange ler with Stockbrokers Messrs. Gilt & Co., died peacefully at home October 1981. Bill, who will ays be remembered for his courage sense of humour, leaves a widow two children.

JONES. On November 9th William Stephen, C.B.E., F.I.O.B., of Lychen Cottage, Littlewick Green, Nr. Maidenhead, Berkshire, aged 67—dear husband of Joan and a loved and loving father, father-in-law and grandfather. Funeral private family only. Memorial service to be announced later. No flowers please. Donations if desired to: The Rev. P. Elston, St. John's Church, Littlewick Green, Nr. Maidenhead.

AMERICAN MARKETS

NEW YORK, November 10

PRECIOUS METALS and copper continued to weaken on recessionary reports, with steadily eroding prices. Coffee firmed, as renewed concern about low certificated stocks forced short covering. Cocoa was sharply lower as commission house liquidation developed in the absence of any buffer stock buying. Cotton weakened further as the harvest picked up in Texas followed by activ trade hedging. Grains and soyabeans came under early local and commercial pressure, reported Heinold.

Copper—Nov 73.10 (72.65). Dec 73.60-73.70 (74.30). Jan 74.55. March 76.35-76.40. May 78.00-78.10. July 79.90. Sept 81.65. Dec 84.30, Jan 85.05. March 87.00. May 88.50. July 90.50. Sept 92.25.

***Gold**—Nov 412.5 (420.0). Dec 414.0-415.0 (424.5). Jan 418.5. Feb 422.0-423.5. April 432.0. June 441.6. Aug 451.0. Oct 460.6. Dec 470.3. Feb 480.2. April 490.3. June 500.6. Aug 511.0.

***Platinum**—Nov 388.6 (398.1). Jan 394.0-395.0 (405.0). April 407.0. July 420.0. Oct 433.4.

Potatoes (round whites)—Feb 70.4-71.0 (71.4). March 74.8-75.0 (75.6). April 84.4-84.5. Sales: 377.

§Silver—Nov 869.5 (881.5). Dec 873.0-788.0 (899.0). Jan 884.5. March 904.0-906.0. May 922.0. July 945.2. Sept 965.2. Dec 985.0. Jan 1006.2. March 1026.2. May 1046.2. July 1066.2. Sept 1086.2. Handy and Harman bullion spot 866.00 (914.50).

Sugar — No 11: Jan 11.77-11.79 (11.96). March 12.25-12.26 (12.51). May 12.55-12.56. July 12.81-12.83. Sept 13.05-13.08. Oct 13.27-13.28. Jan 13.53. March 13.95-13.97. Sales: 6,500.

Tin—710.00-718.00 (713.00-721.00)

CHICAGO, November 10.

Lard—Chicago loose 20.50 (same).

Live Cattle—Dec 64.50-64.45 (63.97). Feb 65.32-65.40 (65.02). April 65.50-65.65. June 65.80-65.75. Aug 65.30-65.35. Oct 63.80-63.85. Dec 64.20.

Live Hogs—Dec 48.25-48.15 (48.15). Feb 50.10-50.25 (50.30). April 47.75-47.85. June 50.30. July 50.62. Aug 49.40. Oct 47.60. Dec 48.85. Feb 49.25.

‡‡Maize — Dec 281-280½ (283½). March 298½-298½ (301½). May 309½-309½. July 316½-316½. Sept 321½-322. Dec 327½-327.

Pork Bellies—Feb 69.35-69.55 (70.57). March 69.50-69.40 (70.75). May 70.00-70.15. July 71.00. Aug 70.40.

†Soyabeans—Nov 638-638½ (652½). Jan 653-651½ (667½). March 670-671. May 689. July 705½. Aug 707. Sept 708½. Nov 715½.

‖Soyabean Meal—Dec 187.2-187.5 (190.0). Jan 190.5-190.8 (194.1). March 195.7-195.8. May 200.7. July 205.5-205.8. Aug 206.0-206.5. Sept 206.5-207.5. Oct 208.1. Dec 212.0-212.5.

Soyabean Oil — Dec 20.33-20.32 (20.75). Jan 20.73-20.72 (21.13). March 21.35-21.32. May 21.85-21.83. July 22.35. Aug 22.40-22.45. Sept 22.50. Oct 22.67. Dec 22.90.

†Wheat—Dec 430-430½ (434½). March 456½ (461½). May 466. July 463-463½. Dec 490.

WINNIPEG, November 10

§Barley—Dec 119.70 (120.10). March 127.60 (128.10). May 131.40. July 133.00. Oct 132.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 247.49 (249.34).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, November 9.

††Cocoa—Dec 1926 (1943). March 1993 (2010). May 2033. July 2055. Sept 2075. Dec 2095. March 2115. Sales: 1,514.

Coffee—"C" Contract: Dec 145.00-145.50. March 135.05-135.25. May 129.60-129.75. July 127.00-127.60. Sept 126.25. Dec 123.51. March 122.50-123.00. Sales: 1,920.

Cotton — No. 2: Dec 63.85-63.92 (64.25). March 66.00-66.08 (66.29). May 67.75-67.80. July 69.70. Oct 71.90-72.00. Dec 73.00-73.10. March 74.05-74.75. Sales: 6,400.

Orange Juice — Nov 115.75-115.65 (118.50). Jan 117.90-118.00 (121.25). March 120.40-120.50. May 123.20-123.40. July 126.00-126.20. Sept 128.00-128.30. Nov 129.10-129.40. Sales 1,000.

CHICAGO, November 9

Chicago Imm Gold — Nov 421.0 (427.3). Dec 423.2-423.8 (430.8). March 436.3-436.8. June 450.3. Sept 465.8. Dec 480.6. March 495.6. June 510.8.

EUROPEAN MARKETS

ROTTERDAM, November 10.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Nov 20/Jan 10 212, Jan 20/Feb 10 215, Feb 20/March 10 218. U.S. No. 2 Red Winter: Nov 183, Dec 190, Jan 193, Feb 195. U.S. No. 3 Amber Durum: Nov 190, Dec 197, April/May 207. U.S. No. 2 Northern Spring, 14 per cent: Nov 195, Dec 197, Jan 208.50, Feb 210, March 214, April/May 207.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn, Yellow, Afloat 123, Nov 122, Dec 126.50, Jan-March 136, April/June 142 sellers.

PARIS, November 10.

Cocoa—(FFr per 100 kilos): Dec 1215-1219, March 1210-1217, May 1210-1225, July 1215-1225, Sept 1225-1255, Dec 1235-1295, March 1245-1265. Sales at call: nil.

Sugar—(FFr per tonne): Dec 1845-1849, May 1895-1925, July 1890-1920, Aug 1945-1960, Oct 1980-2020, Nov 1990-2020, Dec 1990-2030. Sales at call: 10.

INDICES

FINANCIAL TIMES

Nov. 9	Nov. 6	Month ago	Year ago
256.25	257.73	262.32	266.59

(Base: July 1, 1952=100).

MOODY'S

Nov. 9	Nov. 6	Month ago	Year ago
1001.5	998.2	1016.9	1309.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 9	Nov. 6	Month ago	Year ago
Spot	362.35	361.94	357.22	475.04
Fut'rs	375.72	376.92	375.95	492.36

(Average 1924-25-26=100)

REUTERS

Nov. 10	Nov. 9	M'nth ago	Year ago
1627.7	1637.3	1662.3	1743.4

(Base: September 18, 1931=100)

Interest rate optimism evaporates and Gilt-edged react sharply dragging equity leaders lower in sympathy

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

* "New time" dealings may take place from 9 am two business days earlier.

London Gilt-edged values yesterday gave up much of Monday's sharp rises. Optimism about the fall in world interest rates continuing was severely dented. The most damaging factor was scepticism about the durability of the current decline in U.S. interest rates voiced by central bankers at the Bank for International Settlement in Basle.

The Stock Exchange Art Society's 634rd annual exhibition will be held next week at Drapers' Hall, Drapers' Gardens, *Throgmorton Street*, EC2.

Mr Roger de Grey RA will be this year's adjudicator and awards will be made at a private viewing at 5.45 pm on November 17.

The exhibition will be open to the public the following day and until November 20 between the hours of 10.30 am and 4.00 pm.

Speculative Gilt buyers who contributed in part to Monday's exhaustion of the long tap, Exchequer 15 per cent 1997, seemed to lack the necessary funds for Friday's call, which totals £705m, and became unnerved. *The resultant offerings* were none too well received and triggered more general profit-taking. Sentiment later took another jolt following announcement of the sharp expansion in UK money growth in October.

Little notice was taken of the sharply lower rate on this week's Local Authority Bond offering and all maturities closed at the day's lowest. The longs finally surrendered a point of *the previous day's gains, which* had ranged to 1¼ points, while the shorts were a maximum of ¾ lower. The FT Government Securities index, up 0.80 on Monday, ended 0.55 down at 62.34.

Leading equities were guided by Gilt-edged and, after opening fully steady, they, too, settled at the session's lowest. The current indecision of Wall Street was a restraining influence but early profit-taking had only a minor effect on prices and many top-line shares attempted to improve. Northern Foods' call for a near-£43m via a rights issue provided a talking point and a reasonable amount of interest was again attracted to a wide range of situation issues.

Ultramar became the subject of speculation about a market raid, which failed to materialise, while Argyll Foods showed short-lived response to *referral of its* bid for Linwood to the Monopolies Commission. Shortly before noon, however, the general tone deteriorated as leading shares *met more selling pressure.* Reflecting this, the FT Industrial Ordinary share index, less than a point off at 11.00 am, closed 8.2 down on balance at 502.7. Smiths Industries strengthened noticeably after-hours on better-than-expected preliminary figures.

A further contraction of business in Traded options saw a total of 1,219 contracts completed. Calls attracted 842 deals with 191 done in the recently popular P & O Deferred.

C.U. disappoints

Cable and Wireless attracted *another useful business and the* close was 3 cheaper at 196p.

Greenwich Cable Communications made a quiet debut in the Unlisted Securities Market at 49p compared with the placing price of 50p.

The 26 per cent contraction in third-quarter profits and the sharp increase in underwriting losses to £98.1m depressed Commercial Union which closed 6 down at 134p. Other Composite Insurances drifted lower in sympathy. General Accident, the next to report nine-month figures today, lost 8 to 344p, while *Phoenix ended a similar amount* lower at 258p.

Reflecting the favourable first-half results, Hill Samuel touched 148p before closing a net 5 better at 147p. Elsewhere in the banking sector, Provident Financial added 4 to 112p on revived speculative buying, while Allied Irish hardened a couple of pence to 106p awaiting today's interim figures. The major clearing banks lost ground after further consideration of the base rate reductions. Midland, at 320p, gave up the previous day's rise of 8, while Barclays, 438p, and NatWest, 398p, both up 10 on Monday, softened 4 apiece.

Strong and Fisher drop

Whitbread "A," a firm market of late, eased 3 to 158p following interim results which failed to inspire the market. Among *other Breweries, early interest* took Scottish and Newcastle up to 53p before a close of 3 firmer *on balance at 52p.*

Leading Buildings, a few pence better at first, subsequently reverted to overnight levels but the undertone remained firm. Timber issues attracted fresh *support*, International rising 6 to 74p and Montague L. Meyer 3 to 57p. Magnet and Southerns, 128p, and Phoenix, 92p, added a couple of pence apiece, but James Latham, a thin market, shed 10 to 105p.

After Monday's rise of 10, ICI drifted off to close 6 cheaper at 280p.

Strong and Fisher became a prominent dull counter in Shoes, plummeting 11 to 57p on news of the reduced final dividend, £0.7m annual deficit and proposed £2.6m rights issue.

Interest in Stores centred on secondary issues, particularly those reporting trading statements. Peters fell 4 to 76p, after 74p, on the poor *preliminary* figures and Northern Goldsmiths closed a penny off at 54p, after 50p, on disappointing half-yearly figures. Despite the profits recovery and resumption of interim dividend payment, Tern-Consulate eased 2 to 64p. Of the leaders, Marks and Spencer shed 3 to 122p, while Woolworth, *awaiting today's third-quarter* results, cheapened 2½ to 52p.

Leading Electricals turned irregular after Monday's euphoric start to the Account. In a much reduced volume of business, GEC closed 5 dearer at 735p, after extremes of 740p and 728p, while Thorn EMI ended a few pence better at 435p, after 428p. Plessey gave up 5 to 333p, while Racal and BICC relinquished similar amounts to 410p and 265p *respectively.* Elsewhere, Bowthorpe put on 6 to 182p, after 186p, following revived speculative support and Electrocomponents added 5 to 125p after comment on the interim figures. Lec Refrigeration dipped 8 to 184p.

Leading Engineerings turned quietly dull, falls of 6 being marked against GKN, 154p, Hawker, 320p, and Tubes, 100p. Elsewhere, dealings resumed in *Serck at 55p, compared with the* suspension price of 45p, following Wednesday's late announcement that the Take-over Panel had given the go-ahead for BTR's bid despite the pending investigation by the Monopolies Commission. BTR eased 6 to 338p. Folkes Hefo reacted ½ to 14½p following the half-year loss and reduced interim dividend, while Westland, unsettled by Bristow's decision to permanently ground its Wessex helicopters, gave up 5 to 105p. Newman-Tonks, in contrast, firmed 2 to 60p, lower annual profits being outweighed by the maintained dividend and encouraging statement on outlook.

The Food sector again claimed much of the limelight yesterday. The £42.7m cash call clipped 10 from Northern Foods to 146p, but Avana, in which the former holds a 20.5 per cent stake, jumped to 263p before closing a net 10 up at 255p on speculation that Northern might use the rights issue proceeds to launch a full scale bid: Northern issued a bid denial. Elsewhere, Linfood dropped to 158p before settling 9 down on balance at 167p on the announcement that Argyll Foods' bid for the company had been *referred* to the Monopolies Commission: Argyll, marked up to 101p on the announcement, reverted to close at the overnight 91p. Following Monday's gain of 37 and following RHM's "dawn raid" on the company, British *Sugar advanced 10 afresh to 382p; the latter's preliminary* results are due today. S. and W. Berrisford, which holds a 40 per cent stake in *British* Sugar, eased 2 to 112p. RHM held at 65p.

Smiths Inds pleases

Numerous features emerged in miscellaneous industrials. Smiths Industries jumped 15 to 350p in response to the increased final dividend and better-than-expected profits, while Wolseley-Hughes rose 8 to 238p on demand in front of today's preliminary figures. Buying ahead of the half-year figures due towards the end of the month helped Extel to improve 10 to 230p and Hoover A, down 4 on Monday, picked up 7 to 91p following comment on the third-quarter results. News of the group's joint deal with the NEB to take over the word-*processor activities of Nexos left* Gestetner a couple of pence better at 62p, while Erskine House, reflecting the first-half profits recovery, hardened a penny to 43p.

Following Monday's speculative surge of 12 on bid hopes and rumours of a dawn raid, English China Clays were supported further to a 1981 peak of 160p in the early trade but reacted on profit-taking in the absence of *developments and ended 2 off on* balance at 148p. De La Rue fell 38 to 607p, after 605p, on acute disappointment with the interim profits and A. Arenson shed 3 to 30p, also on poor trading news. Renewed profit-taking clipped 15 more from Amalgamated Metal at 555p, while Black Arrow came on offer at 30p, down 4. Lack of follow-through buying and sporadic profit-taking left Metal Box 6 easier at 152p; the latter's *interim results* are due on November 23.

Lucas Industries, up 26 on Monday on the better-than-expected full-year results touched 201p before settling 3 cheaper on balance at 195p. Kwik-Fit turned weak, dropping 13 to a 1981 low of 53p, on the reduced interim profits. Among Garages, Jessups shed a penny to 30p despite the return to profitability and the chairman's confident statement.

Geers Gross touched 116p before closing a net 7 up at *113p; the interim results are due* next Monday.

Leading Properties surrendered a few pence of the previous day's good gains that followed the base rate cuts. Land Securities eased 3 to 312p and MEPC 4 to 221p. Elsewhere, Raglan shed 2 to 9½p on the rights issue proposal that accompanied the interim results, while Control Securities briefly touched 55p before reverting to the overnight 52p following the increased interim profits and proposed one-for-three scrip issue.

Ultramar improve

Inclined firmer initially, Oils shares drifted back and ended on a dull note. BP settled with a fall of 4 at 306p and Shell closed 6 off at 382p. Talk of a dawn raid prompted early speculative interest in Ultramar which touched 500p before closing 4 higher on balance at 492p; the third-quarter figures are due today. Atlantic Resources rose 10 to 225p and Gas and Oil Acreage were similarly higher at 390p.

In Financial Trusts English Association improved 5 to 161p and Hambro Trust a like amount to 135p.

Shippings followed the lower trend, but trading was at a low ebb. P & O Deferred met with fresh profit-taking after the recent improvement on bid speculation and reacted 3 more to 125p.

Textiles were rarely altered, but Scott and Robertson fell 1½ to 24p on the half-year trading loss and interim dividend omission.

Golds unsettled

Mining markets went into a broad retreat, unsettled by the $14.50 fall in the bullion price to $415 an ounce—the latter's biggest one-day loss since the end of September.

South African Golds, initially marked down in line with the *metal price, were persistently* sold and the Gold Mines index lost 4.5 to 347.2—its lowest for three months.

In the heavyweights, Free State Geduld were notably weak and gave up £1¼ at £18⅜.

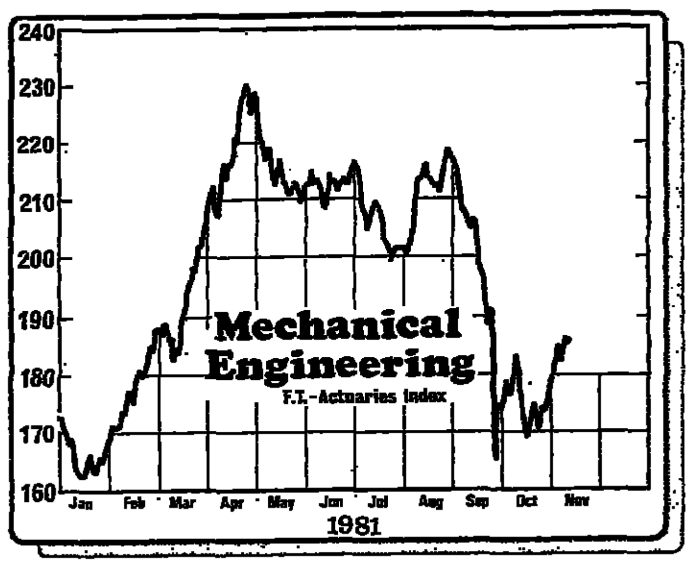
Financials mirrored the pattern in Golds. South Africans were featured by Rand Mines Properties, 290p, Sentrust, 413p and Vogels, 130p, down 10 apiece, while De Beers eased 6 to 354p.

London issues were additionally upset by the downturn in UK equities and were especially vulnerable in the after-hours' trade. Rio Tinto-Zinc were finally 12 cheaper at 475p and Gold Fields 10 lower at 490p.

Australians were quietly dull, but edged off the day's lowest *levels towards th e close.*

Nevertheless, the leaders still showed sizable losses with Gold Mines of Kalgoorlie 10 cheaper at 405p, Western Mining 9 lower 253p and Pancontinental 8 do at 150p. North Kalgurli dip 5 to 75p.

Weak copper prices l Messina 25 cheaper at 310p. *fall of 55 to 575p in Irelan* Tara Exploration, up 90 Monday, reflected profit-taking a limited market.



FINANCIAL TIMES STOCK INDICES

	Nov. 10	Nov. 9	Nov. 6	Nov. 5	Nov. 4	Nov. 3	A year ago
Government Secs	62.34	62.89	62.09	62.16	61.87	61.93	70.58
Fixed Interest	63.00	63.06	62.96	62.97	62.86	62.58	71.33
Industrial Ord.	502.7	510.9	494.5	504.3	494.5	492.2	487.4
Gold Mines	347.2	351.7	353.0	353.9	351.8	351.0	444.2
Ord. Div. Yield	5.91	5.85	6.02	5.90	6.01	6.03	7.46
Earnings, Yld. % (full)	9.88	9.95	10.36	10.06	10.24	10.28	16.57
P/E Ratio (net) (*)	13.16	12.90	12.50	12.75	12.53	12.48	7.39
Total bargains	19,159	22,571	23,288	15,863	17,035	16,751	21,034
Equity turnover £m.	—	204.72	220.51	119.15	141.89	143.05	138,074
Equity bargains	—	20,077	23,460	14,619	12,964	13,001	16,894

10 am 507.7. 11 am 510.1. Noon 507.2. 1 pm 506.7.
2 pm 505.5. 3 pm 504.7.

Latest index 01-246 8026.

*Nil = 11.74.

Basis 100 Govt. Secs 15/10/26. Fixed Int 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.17 (28/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 9	Nov. 6
—Daily Gilt Edged Bargains	232.2	172.4
Equities Bargains	130.1	152.0
Value	413.8	445.7
5-day Avrge. Gilt-Edged Bargains	195.9	192.0
Equities Bargains	109.0	97.2
Value	335.2	290.8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ★ Effective issue price after scrip. † Comprising Ordinary of 1p and £1 of 10 per cent Loan 1988.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Argyll Foods	91	—	Linfood	167	−
Avana	255	+10	Northern Foods	146	−
Commercial Union	134	− 6	Racal Electronic	410	−
De La Rue	607	−38	Sun Life	316	−
English China Clays	148	− 2	Ultramar	492	+
GEC	735	+ 5	Whitbread A	158	−

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Lucas Inds.	21	198	+26	Ass. Br. Foods	12	158	+
Cable & Wire.	20	199	+ 2	Barratt Dev.	12	225	+
RHM	18	65	− 3½	Eng China Clys	12	150	+
Plessey	17	338	+18	ICI	12	386	+
GEC	16	730	+15	Barclays Bank	11	442	+
BICC	14	270xd	+17½	Beecham	11	223	+
Racal Elect.	14	415	+20	Shell Trans	11	388	+

LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (16)

BEERS (1)
Bulmer (H. P.)
BUILDINGS (1)
Warrington
ENGINEERING (1)
Danks Gowerton
FOODS (2)
British Sugar Hinton (A.)
INDUSTRIALS (5)
Combined Tech. J. B. Holdings
Dyson (J. & J.) Photo-Me
English China Clays
INSURANCE (1)
Combined Int.
SHOES (1)
Footwear Invs.
TEXTILES (1)
Dawson Int.
TRUSTS (2)
F & C. Ent. Trust Grange Trust
OIL & GAS (1)
American Oil Fields

NEW LOWS (17)

BRITISH FUNDS (1)
Treas. 8½pc '87-90
AMERICANS (1)
Lowes
BANKS (1)
Manson Finance
ELECTRICALS (1)
Newmark (Louis)
ENGINEERING (1)
Elliott (B.)
INDUSTRIALS (3)
Arenson (A.) Huntleigh
Benlox
MOTORS (1)
Kwik-Fit
PROPERTY (2)
Austmark Raglan Prop.
SHIPPING (1)
Fisher (J.)
TEXTILES (1)
Foster (J.)
OIL & GAS (1)
Pict Pet.
MINES (2)
Kalbara Western Cont.
Metals Ex.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	86	5
Corpns. Dom. & Foreign Bonds	15	11	47
Industrials	301	182	873
Financial & Props.	174	82	252
Oils	20	36	46
Plantations	8	1	14
Mines	21	72	74
Others	77	29	38
Totals	616	499	1,349

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22

For rate indications see end of Share Information Service

Stocks to attract money for the call included Woolworth, P and O Deferred, Normand Electrical, Fitch Lovell, Comben Group, NCC, Ultramar, RTZ, John Finlan and Provident Finance. Puts were arranged in Royal Bank of Scotland, New Throgmorton Warrants and Tozer Kemsley, while a double option was completed in Fitch Lovell.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., Nov. 10, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 9 Index No.	Fri. Nov. 6 Index No.	Thurs. Nov. 5 Index No.	Wed. Nov. 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (198)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues. Nov. 10	Day's change %	Mon. Nov. 9	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.30	−0.31	105.63	—	9.65
2	5-15 years	100.36	−0.88	101.26	—	11.14
3	Over 15 years	100.65	−0.98	101.64	—	12.60
4	Irredeemables	107.23	−0.89	108.19	—	13.50
5	All stocks	101.77	−0.73	102.51	—	11.07
6	Debentures & Loans	78.17	+0.18	78.03	—	9.91
7	Preference	59.36	+0.03	59.34	—	6.35

	AVERAGE GROSS REDEMPTION YIELDS	Tues. Nov. 10	Mon. Nov. 9	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3	Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	High Coupons 15 years	[illegible]	[illegible]	[illegible]
9	High Coupons 25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13	Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Chieftain Trust Managers Ltd.

Chesterton Fund Managers

Confederation Funds Mgt. Ltd.

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd.

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Robert Fraser Trust Mgt. Ltd.

Friends Prov. Trust Managers

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust

Gartmore Fund Managers

Gavett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.

HK Unit Trust Managers Ltd.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mngt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt.

Royal Tst. Can. Fd. Mgrs. Ltd.

For Setora Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London & Manchester Ass. Gp.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¼	95½	Treas. 8½pc '80-82‡‡	98⅛	......	8.61	15.16
97¼	91⅞	Treasury 3pc '82‡‡	97⅛	−⅛	3.09	14.18
107	99¼	Treasury 14pc '82‡‡	99¾	−⅛	14.04	14.62
99⅜	98⅜	Treas. Variable '82‡‡	99⅝xd	......	13.89	15.85
96⅝	93⅞	Treasury 8¼pc '82	96	−⅛	8.59	14.81
96⅝	93½	Exch. 9¼pc 1982	95⅝	−⅛	9.67	14.74
95¼	92⅝	Exch. 8¾pc 1983	94⅞	−¼	9.22	13.61
92¼	84⅞	Exch. 3pc 1983	89¾	−⅛	3.34	11.81
99⅞	95	Treasury 12pc 1983‡‡	96⅞	−¼	12.39	14.60
99⅝	96¾	Treas. Variable '83‡‡	99½xd	......	13.41	15.72
92⅞	90⅛	Treasury 9¼pc '83	92¾	−⅛	9.97	14.18
101⅜	95¼	Exch. 13½pc '83	97⅝xd	−¼	13.83	14.92
94⅞	89¼	Exch. 10pc 1983	91⅞xd	−¼	10.88	14.71
88⅜	83½	Funding 5½pc '82-84‡‡	85¼	−¼	6.45	13.50
96¾	90	Exch. 11¼pc 1984	92⅝	−½	12.15	15.11
103⅜	95¼	Exchequer 14pc 1984	98¼xd	−½	14.25	14.89
82⅞	77	Exch. 3pc 1984	78	......	3.85	13.25
98⅜	90½	Treasury 12pc 1984	93⅜	−½	12.85	14.65
107¼	95⅞	Treasury 15pc 1985	98⅜	−½	15.25	15.55
98⅞	88¼	Exch. 12pc Cnv. '85	90⅞	−⅝	13.20	15.57
76	71	Treasury 3pc 1985	72½xd	......	4.16	13.14
96⅜	85¼	Treasury 11½pc 1985	87⅞	−⅝	13.09	15.93
98⅞	87⅝	Exch. 12¾pc 1985	90⅞xd	−⅝	13.48	15.38
97⅛	84¾	Exch. 11¾pc '86	87⅞	−⅝	13.37	15.68
70⅜	65⅝	Treasury 3pc 1986	68½xd	−⅛	4.40	12.40
97⅜	84½	Treasury 12pc '86	88⅜xd	−½	13.58	15.69
88⅜	78½	Treasury 8½pc '84-86‡‡	80⅝	−⅜	10.54	14.32

Five to Fifteen Years

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅞	92¾	Exch. 13¾pc 1987	96¾	−¾	14.29	15.29
81¾	71⅛	Funding 6½pc '85-87‡‡	73⅝	−⅝	8.86	13.53

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64	57¼	Agric. Mt. 5pc '59-89	59¾	......	8.62	14.17
29½	23¾	Met. Wtr. 3pc 'B'	26	......	11.88	14.15
114	97	U.S.M.C. 9pc 1982	100	......	9.39	—
97¾	91	Do. without Warnts.	95	......	9.90	—

Financial

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	94¼	FFI 14pc '83	96½	......	15.51	15.98
93½	88½	FFI(UK Fn)5½pcDb. '80-2	93	+½	5.97	15.99
83½	77	Do. 6¼pcDb. '81-84	79xd	......	7.91	15.22
93	84½	Do. 10½pc Uns.Ln. '86	87	+1	12.62	16.20
92	80	Do. 11pc Uns.Ln. '88	83½	+1	13.83	15.50
92	80	Do. 11¾pc Uns.Ln. '90	82	+1	15.14	16.90
94½	78½	Do. 12½pc Un. Ln. 1992	82	+1	15.61	16.60
64½	54½	Do. 7¼pcADeb. '89-92	55xd	+½	13.03	15.90
62	51½	Do. 7¼pcADeb. '91-94	53½	+¼	13.86	16.17
72½	59½	Do. 9pc 'A' '91-94	62½	+1	14.75	16.34
70	56½	Do. 8¾pcLn. '92-97	59½	+½	15.49	16.66

Building Societies

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	98¼	N'wide 14¼pcBd11.8.82	99¼	......	14.86	—
100	98	Do 14¼pc Bds 25.8.82	99¼	......	14.86	—
99¼	98¼	Do. 15¾pc Bds. 29.9.82	99¼	......	15.49	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	72	......	—	—
55	53½	Do. 5pc Pref.	54	......	—	—
98	98	Chilean Mixed	98	......	3	13.2
28	14	Chinese 4½pc 1898	18	......	—	—
22	11	Do. 5pc 1912	13	......	—	—
18	8	Do. 5pc 1913	14	......	—	—
16	9	Do. 5pc '25 Boxer	12	......	—	—
94	76½	Denmark 13pc 2005	82	+1	13	16.23

AMERICANS

CANADIANS

CANADIANS—Continued

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
17½	10¼	Rio Algom	15⅞	+½	$1.50	—	4.2
13	10⅞	Royal Bk. Can. $1	11⅝	+½	$1.96	—	7.3
32¼	23¾	Seagram Co. C$1	27⅜	−⅞	[illegible]	—	2.8
14⅛	11¼	Tor. Dom. Bk. $1	13⅞	−⅛	$1.89	—	5.8
11	750p	Trans Can. Pipe.	949p	−18	$1.15	—	5.4

BANKS AND HIRE PURCHASE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
348	208	ANZ $A1	327	+2	1024c	3.6	4.5	6.1
280	194	Alexanders D. £1	225	+2	17.0	—	10.8	—
*£62½	£48¾	Algemene Fl.100	£52½	......	026%	1.9	9.1	5.7
405	247	Allen Harvey £1	270	......	25.0	—	12.2	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
24	16	Whatlings	20xd	......	1.0	—	7.1	—
182	102	[illegible]	126	......	6.75	3.7	7.7	3.9
80	36	Wiggins Con. 10p	76	+2	2.5	7.1	4.7	3.1
263	56	Wilson (Connolly)	164	+4	2.25	10.7	2.0	5.5
129	78	Wimpey (Geo.)	87	−1	2.55	4.9	4.2	5.4

CHEMICALS, PLASTICS

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
510	295	Akzo Fl. 20	465	......	—	—	—	—
153	98	All'd Colloid 10p	139	−1	2.75	1.9	2.8	23.3
92	60	Anchor Chem.	75	......	2.38	0.2	‡	—
49	30	Arrow Chemicals	39	+2	—	—	—	—
£34¼	£23½	BASF AG DM50	£32½	......	014%	1.4	5.2	14.0
£30½	£20⅞	Bayer AG. DM 50	£28¼	−½	021.38	1.2	9.2	9.3
116	86	Blagden Noakes	98	......	6.0	1.4	8.7	(10.7)
126	90	Brent Chem. 10p	109	−1	2.0	2.3	2.6	19.5

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
308	175	Unitech 10p	205	......	7.0	1.9	4.9	12.5
82	38	Utd. Electronic 20p	44	+1	1.57	3.4	5.2	7.2
*550	257	Utd. Scientific	483	......	6.0	3.0	1.8	33.0
215	35	Vitatron N.V. Fl0.25	72	+2	—	—	—	—
114	69	Ward & Gold	96	−2	5.4	2.1	8.0	(6.8)
137	88	Webber El 12½p	97	......	3.5	1.6	5.2	(13.3)
26½	14	Wellco Hlds. 5p	15	......	1.0	♦	9.9	♦
50	18¾	Wstn. Select 20p	35	......	2.3	1.5	9.4	9.5
121	53	Whitworth El. 5p	107	......	1.51	8.3	2.0	6.2
265	162	Wholesale Ftg 10p	190	+5	4.13	3.2	3.1	14.1
190	130	Wigfall (H.)	143	+3	6.0	1.4	6.0	(14.9)

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

Indian and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
45	32	Acmes 50c	45	..	Q2.5c	—	3.5
41	14	ACM 20c	22	−2	—	—	—
21	9	Argosy Gold NL 25c	11		—	—	—
229	134	Bond Corp	158	−2	Q10c	2.3	4.0
112	67	Bougainville Kina	73	−1	[illegible]	1.0	‡
302	176	CRA 50c	180	−6	Q19c	1.7	6.4
25	9	Canada Northwest	10½		—	—	—
35	11	Carr Boyd 20c	13	−1	—	—	—
415	43	Central Pacific	66	−6	—	—	—
35	4	Cons. Gold Min. N.L. 25c	4		—	—	—
47	13	Cultus Pacific N.L.	16		—	—	—
68	22	Eagle Corp 10c	25		—	—	—
40	18½	Endeavour 20c	21	+2	—	—	—
560	310	G. M. Kalgoorlie 25c	405	−10	Q27½c	φ	4.9
25	6½	Great Eastern	8		—	—	—
185	60	Greenbushes Tin 50c	65	−5	Q6c	1.9	5.6
275	130	Hampton Areas 10p	142	−3	2.5	3.1	2.5
168	31	Haoma Gold N.L.	33	+1	—	—	—
85	20	Intl. Mining	20	−2	—	—	—
118	24	Jimberlana (50cFP)	25	−2	—	—	—
15	8½	Kalbara Min 20c	9½	−½	—	—	—
245	130	Kitchener NL 25c	130	−5	—	—	—
105	16	Leichardt Expln	19	−2	—	—	—
430	275	Meekatharra	340		—	—	—
70	38	Metals Ex. 50c	38	−1	Q3c	3.7	4.8
38	19	Metramar Mns. 20cts	20		—	—	—
20	10	Mid East Mins NL	10		—	—	—
290	189	M.I.M. Hldgs. 50c	205		Q15c	φ	4.6
21	7½	Minefields Expl. 25c	8½		—	—	—
20	13	Newmetal 20c	16		—	—	—
69	35	Nickelore N.L.	35		—	—	—
204	147	North B. Hill 50c	162	+2	Q18c	2.0	7.0
84	50	Nth. Kalgurli	75	−5	—	—	—
200	94	Nth. Mining Corp	185		φ—	—	—
122	20	N. West Mining N.L.	23		φ—	—	—
150	106	Oakbridge 50c	115		Q6½c	1.9	3.5
165	90	Otter N. L.	90		—	—	—
188	104	Pacific Copper	104	−2	—	—	—
*423	126	Pancont'l 25c	150	−8	—	—	—
89	42	Paringa M&Ex. 5p	64	−1	φ—	—	—
525	325	Peko-Wallsend 50c	345		Q15c	—	2.7
43	16	Pelsart Res NL	16	−2	—	—	—
120	54	Seltrust A	54		—	—	—
157	18	Southern Pacific	31	−2	—	—	—
100	40	Swan Resources 20c	45	..	—	—	—
316	60	Vultan Mins 20c	70		—	—	—
18½	6	West Coast 25c	3½		—	—	—
130	80	Westn. Cont 50c	80	−5	—	—	—
335	227	Westn. Mining 50c	253	−9	Q14c	1.6	3.4
27	14	Westmex	19		—	—	—
76	36	Whim Creek 20c	36	−8	—	—	—
101	22	York Resources	23	−4	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	8		‡6.0	—	—
300	210	Ayer Hitam $M1	235	+10	Q135c	φ	13.7
210	98	Geevor	165	...	—	—	—
12	8	Gold & Base 12½p	12	.	—	—	—
660	470	Gopeng Cons.	470		‡13.0	φ	4.0
450	310	Hongkong	320	...	21.0	φ	9.4
160	110	Idris 10p	155#	...	‡9.0	0.8	‡
*29	10	Jantar 12½p	19	.	‡1.5	4.0	11.3
98	60	Kamunting $M0.50	70	+5	Q27½c	0.8	0.0
665	363	Killinghall $M1	503		‡Q66.7c	φ	3.2
114	88	Malaysia Mng. 10c	92	+2	‡Q5.8c	0.9	10.1
68	30	Pahang	32	.	‡0.63	0.8	‡
125	90	Pengkalen 10p	120	.	3.5	—	4.2
380	290	Petaling $M1	290	..	‡Q160c	1.4	‡
25	19	South Crofty 10p	24#	...	—	—	—
225	185	Sungei Besi $M1	195	.....	Q310c	1.1	37.9
135	90	Supreme Corp. $M1	90	..	gQ15½c	φ	4.2
118	100	Tanjong 15p	100	.	3.5	3.7	5.0
90	60	Tongkah H. Tin $Sm	65	+5	Q25%a	φ	9.2
410	220	Tronoh $M1	250	...	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	310	−25	‡Q45c	4.7	8.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
175	32	Anglo-Dominion	40	+5	—	—	—
25½	12	Burma Mines 10p	14	...	0.75	0.9	7.7
330	85	Colby Res. Corp.	148	−2	—	—	—
330	200	Cons. Murch. 10c.	280	...	tQ30c	1.6	6.1
10	6	††Explaura Gold	7	....	—	—	—
98	47	††Hemerdon 10c	55	....	—	—	—
180	65	Highwood Res.	85	....	—	—	—
505	260	Northgate C$1	300	....	—	—	—
633	372	R.T.Z.	475xd	−12	16.0	2.3	4.8
£130½	£93½	Do 9¾% Cv. Unln 25-2005	£107	−½	Q9½%	—	9.1
103	13	††SPO Minerals 10p	25	−1	—	—	—
47	20	Sabina Inds. C$1	24	....	—	—	—
44	21	✡Southwest C. 10p	27	..	—	—	—
650	465	Tara Exptn. $1	575	−75	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‖ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ¥¥ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ✱✱ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	−1	Conv. 9% '80/82	£92⅝	+⅛
Bertrams	10	..	Nat. 9¾% 84/89	£69⅝	.
Bdg'wtr. Est. 50p	400	...	Fin. 13% 97/02	£74½	..
Craig & Rose £1	£13		Alliance Gas	76	...
Finlay Pkg. 5p	25	.	Arnott	222	...
Graig Ship. £1	£21xd		Carroll (P.J.)	73	−1
Higsons Brew.	63		Concrete Prods.	90	...
Holt (Jos) 25p	510	.	Heiton (Hldgs.)	23½	.
I.O.M. Stm. £1	250	....	Irish Ropes	33	.
Pearce (C. H.)	800	..	Jacob	63	.
Peel Hldgs.	120	..	T.M.G.	21	..
Sheff. Refrshmt	90	..	Unidare	55	..
Sindall (Wm.)	190	..			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	25
Boots	12	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	25
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2½
Brown (J.)	8	Mrks. & Spncr.	10		
Burton Ord.	12	Midland Bank	25	**Oils**	
Cadburys	6	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	25	KCA	12
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	30	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	36	Trust Houses	11	Cons. Gold	40
Guardian	30	Tube Invest.	12	Lonrho	7
G.K.N.	12	Turner & Newall	7½	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday November 11 1981

Police raid Paribas offices

By David White in Paris

M PIERRE MOUSSA, the former chairman of Banque de Paris et des Pays Bas (Paribas), the French banking and industrial holding concern, was formally charged in Paris yesterday in connection with alleged illegal capital transfers. Police searched the bank's headquarters in the French capital.

M Moussa, who resigned last month during a row about the way the bank's Swiss offshoot was sold to escape nationalisation, was charged with three senior executives.

The charges involve 35,000 gold coins belonging to a client—M Pierre Latecoere, head of an aerospace company in Toulouse—which allegedly were smuggled to Canada last year.

M Latecoere was also cited in the original proceedings but did not appear yesterday. He has said he has agreed on an out-of-court settlement with the French authorities over the case.

Three of the people chared yesterday, including M Moussa, are cited in a second case being pressed by the Government. M Moussa, two other directors and 5 clients are alleged to have engaged in illegal transfers to Switzerland amounting to at least FFr 1m (£97,000) each. The total was FFr 181m.

The examining magistrates in charge of the Paribas cases visited the bank's headquarters yesterday morning as the fraud squad searched the premises. Police were reported to have taken a large quantity of documents.

The gold coins, which M Latecoere inherited during the war, are alleged to have been taken out of France via Brussels and Frankfurt, with commission fo rthe operation being paid to Paribas's Swiss osffhoot.

Paribas executives have accused the authorities of vindictiveness in showing up irregularities rather than making the normal discreet settlements, in the aftermath of the nationalisation squabble.

Meanwhile, the chairmen of two of the French companies earmarked for nationalisation yesterday attacked the Government's compensation terms in letters to their shareholders, agencies report.

M Jean Maxime Leveque, head of the Credit Commercial de France, said the terms were "unjust and unacceptable." He claimed that three accountancy firms valued CCF shares at FFr 325 each, while the Government's formula valued them at FFr 163.76.

The accountants' formula took into account the Government's criteria of net asset value and average profits per share but excluded the average share price component

M Ambroise Roux, chairman of Compagnie Generale d'Electricite, said that while the Government valued CGE shares at FFr 334.15 each, international accountants said they were worth between FFr 830 and FFr 920.

Weather

UK TODAY

BRIGHT periods, some showers.

South and Central England, S. Wales
Cloudy with rain, clearing later. Max 12C (54F).

N. England, N. Wales, Central and S.W. Scotland, N. Ireland
Rain, easing later. Max 10C (50F).

Rest of Scotland, N.E. England
Scattered showers. Max 9C (48F).

Outlook: Colder with some night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	9	43	London	C	8	46
Amsdm.	C	5	41	L. Ang.†	F	13	55
Athens	F	13	55	Luxmbg.	S	2	36
Belfast	C	11	52	Luxor	S	29	84
Bolgrd.	Sn	0	32	Madrid	S	15	59
Berlin	C	2	36	Majorca	C	16	61
Biarritz	S	8	46	Malaga	C	20	68
Bmghm.	C	7	45	Malta	F	17	63
Blackpl.	C	11	52	M'chstr.	C	10	50
Bordx.	S	7	45	Miami†	S	7	45
Boulgn.	C	8	46	Montrl.†	F	−4	25
Bristol	C	8	46	Moscow	C	−2	28
Brussels	C	5	41	Munich	C	−1	30
Budpst.	C	3	37	Nairobi	F	26	79
Cardiff	C	9	48	Naples	S	10	50
Cas'b'ca	F	21	70	Nwcstl.	C	11	52
Chicg.†	F	−3	27	N. York		—	—
Cologne	S	3	37	Nice	C	10	50
Conhgn.	F	4	39	Oporto	S	19	66
Denver†	F	2	36	Oslo	R	7	45
Dublin	C	10	50	Paris	F	6	43
Dbrvnk.	S	7	45	Prague	S	1	34
Ednbgh.	C	12	54	Reykjvk.	F	−2	28
Faro	F	21	70	Rhodes	R	17	63
Florence	S	10	50	Rome	S	11	52
Frankft	S	3	37	Salzbrg.	Sn	1	34
Funchal	F	20	68	S F'cisct	C	14	57
Geneva	S	2	36	Stckhm.	C	2	36
Gibraltar	C	19	66	Strasbg.	S	1	34
Glasgow	C	12	54	Tangier	F	23	73
G'rnsey	C	7	45	Tel Aviv	S	25	77
Helsinki	C	1	34	Tenerife	C	16	61
Innsbrk.	F	1	34	T'ronto†	F	−6	21
Invrnss.	C	13	55	Tunis	S	19	66
I.o.Man	C	11	52	Valencia	F	18	64
Istanbul	T	3	37	Venice	S	9	48
Jersey	C	6	43	Vienna	C	3	37
L. Plms.	F	23	73	Warsaw	C	1	34
Lisbon	S	19	66	Zurich	S	1	34
Locarno	S	7	45				

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

EEC deadlock on textiles

BY GILES MERRITT IN BRUSSELS

THE EEC Council of Ministers meeting in Brussels yesterday again failed to reconcile the differences of member states over how to deal with low-cost textile imports.

The EEC now risks not being party to a new multi fibre arrangement (MFA), which controls textile trading between developing and industrialised countries.

Final negotiations to replace the MFA expiring at the end of the year with one to run until 1986, will start in Geneva on next Wednesday.

The EEC Council will hold a further emergency session on Tuesday. Failure to agree a common position then could provoke serious international trade frictions involving the U.S.

There is little optimism in Brussels that EEC member states will be in a position by Tuesday to agree a negotiating mandate for the European Commission, which will represent the EEC at Geneva.

Some EEC states are demanding a protectionist deal under the new arrangement. These are France, the UK, Italy and—to a lesser extent—Greece. The firmest position is being taken by France, which yesterday threatened unilateral safeguards in the event of a comparatively liberal MFA.

The remaining EEC states, headed by West Germany, support a more liberal negotiating mandate, as proposed by the Commission and which generally is considered to be more true to the original aims of the MFA.

The gap between the two positions on textile imports from 28 developing countries seemed yesterday to have narrowed little since the EEC states were last deadlocked in the council at Luxembourg on October 27.

The European Commission's *external relations officials* were required yesterday to produce fresh proposals which would establish common ground between member states, but these too failed to produce agreement.

Textiles experts last night could not foresee any compromises which might reconcile the extreme French position with that of West Germany.

The EEC is the most important single participant in the MFA. If it produces a common position it can expect to secure the textile exporting countries' agreement in return for comparatively minor concessions.

Failure to take part in the MFA renewal negotiations could mean that the 28 textile exporting countries will adopt draft proposals put forward by the *U.S. for a liberalised MFA.*

The developing countries may attempt to retaliate against the more protectionist EEC states by switching or even cancelling capital equipment projects.

A U.S. diplomat pointed out yesterday: "They can always do their shopping in Tokyo or Texas."

Money supply up again but State borrowing on target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE MONEY SUPPLY rose sharply again last month, partly because of the continued buoyancy of bank lending to the personal sector. But Government borrowing appears broadly on target.

The Bank of England estimates that sterling M3, the broad measure of money which includes bank lending, rose between 1½ and 1¾ per cent in the five weeks to October 21.

This suggests the increase in sterling M3 in the past 12 months has been about 16 per cent. The money supply is still distorted by the effects of the civil servants' strike, and the Bank says it is not possible yet to discern the underlying trend.

It seems increasingly likely that the growth of sterling M3 will overshoot the target range set in the Budget by a considerable margin.

This was for a 6 to 10 per cent annual growth rate in the 14 months to April, which would imply that between February 1981 and April 1982 the money supply should grow no more than 11.2 per cent.

But the money supply has already grown 12.5 per cent since February, so a small contraction would be necessary in the rest of the financial year if it was to remain on target.

Officials believe the unwinding of the effects of the Civil Service dispute is likely to have a restraining effect on the money supply growth as the backlog of tax is paid to the Exchequer. It is extremely difficult to estimate this precisely.

Lending to the private sector by the clearing banks rose in the month to £873m, which the *banks say suggests a seasonally-*adjusted rise of £400m. This would imply that the rise in bank lending to the private sector remains at a high level.

Clearing bank lending to the private sector has risen by about 15 per cent in 12 months.

The effects of the Civil Service strike also continues to distort the Central Government Borrowing Requirement, which rose to £9.24bn in the seven months to October, compared with the target figure of £11.5bn for the full financial year.

The Treasury estimates that £5bn was added to borrowing by the non-collection of tax during the dispute. About £5.5bn of revenue is reckoned to be still outstanding as a result of the dispute, and about £4.5bn relates to the current financial year.

The Treasury says nearly £1bn of debt would have been repaid in October but for the *effects of the strike.* In the event the net repayment was £389m.

U.S. ruling against Cavenham stores chain

By Ian Hargreaves in New York

GRAND UNION, the U.S. supermarket chain owned by Sir James Goldsmith's Cavenham Group, has been ordered to sell the Colonial Stores chain it bought for $114m (£60.32m) in 1978.

Mr Ernest Barnes, an administrative law judge of the Federal Trade Commission, said after a two-year investigation that the merger had *restricted competition* in the South Eastern U.S. The region is one of the more profitable areas of the country for supermarket operators because of its growing population.

The judge said if Grand Union had not bought Colonial Stores it might have expanded into the South-east on its own account and so increased competition in the region. There was also some direct market overlap, as both Grand Union and Colonial had stores in Virginia and Florida.

Grand Union said it planned to request an immediate review of the case, which will be carried out by the full Federal Trade Commission. The company was confident it would prevail because its entry into the South-east market had increased rather than lessened competition.

If the full FTC review goes against Grand Union, the company will have to sell Colonial Stores to a buyer approved by the commission. It will be barred for 10 years from making further acquisitions in the food retailing field without prior FTC approval.

Grand Union operates 830 stores throughout the U.S., of *which 300 are Big Star units,* as the Colonial units are called —compared with 378 at the time of the merger. The company would not say what proportion of its sales and income the Big Star stores account for.

A forced sale would be a serious blow for Grand Union, whose own stores are concentrated in the more competitive and demographically stagnant north-eastern part of the U.S.

Recent tough price competition has spread into several markets where margins had been very comfortable, reducing earnings at several supermarket companies.

Grand Union's own first-quarter earnings, covering the three months to July 18, were $8.46m on sales of $1.28bn, compared with earnings of $8.45m on sales of $1.05bn a year before.

These results included the effects of Grand Union's recent acquisition of Weingartern, a Houston-based food store chain.

Battle over Hedderwick business

BY CHRISTINE MOIR

MR MARTIN FIDLER, the *Stock Exchange's Official* Assignee, and Quilter Goodison, the stockbroking firm headed by Mr Nicholas Goodison, chairman of the Stock Exchange, will shortly begin what is likely to be a protracted battle over the £350m private client business of Hedderwick Stirling Grubar, the stockbroking firm which collapsed in April.

Since Hedderwick's collapse, Quilter, which was due to take over Hedderwick, has picked up about 80 per cent of Hedderwick's private client business.

Mr Fidler, acting as Hedderwick's liquidator, believes that Quilter shoud pay Hedderwick a "significant" price for the business.

In late September, he wrote to Quilter outlining three possible bases from which a price might be hammered out. So far, he has had no acknowledgement of his letter from the firm.

Yesterday, however, a spokesman for Quilter said: "We will be replying very shortly to Mr Fidler's letter. We will contest his claim and it will be settled either by custom or law."

The issue is a difficult and potentially embarrassing one *for Quilter. It had been due to* take over Hedderwick on April 13 and so far advanced were the merger arrangements that letters had been sent to Hedderwick's 6,000 clients recommending that they transfer their business to Quilter which would be absorbing most of the Hedderwick staff.

Unfortunately, the merger was aborted at the last minute when Hedderwick was "hammered" on the Stock Exchange after its bankers refused to honour £1.85m of cheques for gilt-edged dealings on Friday April 10.

Since then, however, the bulk of Hedderwick's clients have transferred to Quilter, which has also taken on about 30 of Hedderwick's staff and six former partners to handle the business.

Had the merger gone through, the value of the private client business would simply have formed one factor in the negotiations over the positions offered to Hedderwick's directors.

Now it will have have to be assessed separately. City accounting firms yesterday were *unable to think of any prece-*dent and feared that valuing the business could be immensely complicated.

One method favoured by several stockbroking firms would be to arrive at a conservative estimate of a proportion of expected commissions from discretionary clients and those with a long relationship with Hedderwick, minus *the administration costs. That* could be worth over £800,000. Quilter would also be entitled to deduct the costs of the abortive merger.

However, it was not clear yesterday whether Quilter would admit any liability to Hedderwick.

Meanwhile, Mr Fidler has begun paying out the first dividend of 45p to Hedderwick's creditors, *the largest of which* is the Stock Exchange Compensation Fund which compensated clients caught in the crash. A further 15p dividend could be expected in the new year and, ultimately, Hedderwick is expected to meet its liabilities in full.

Northern Foods calls for £42.7m

BY IAN RODGER

NORTHERN FOODS yesterday launched a *£42.7m* rights issue to its shareholders at 126p per share, continuing this year's record flow of such offers.

It is the first big issue since Foseco Minsep called for £25.1m in mid-September. In the subsequent stock market slump a few rights issues were not fully subscribed, although Foseco's squeezed through.

The shares of another food group, Avana, jumped 18p to 263p, on news of Northern's rights issue. In September, Northern raised its stake in Avana to 20.5 per cent. Yesterday, however, Mr Jack Clayton, finance director of Northern, dismissed speculation that it might make a full bid.

Avana shares eased 8p to close at 255p. Northern's shares fell 10p to 146p.

Northern's rights issue—the group's first since a one-for-two offer in October 1975 at 25p—is aimed at raising funds to finance expected internal expansion and acquisitions.

The directors estimated that the group's profits in the year to September, 1981, amounted to £34m before profit-sharing and tax, compared with £31.56m. They intend to re-*commend a final dividend of* 3.2p—making a total of 5p, compared with 4.4p. No profit or dividend forecasts were offered for the current year.

The rights issue is on the basis of one new share for every five held on November 2. Dealings are expected to begin on November 11 and the final date for acceptances is December 2.

The issue has been underwritten by N. M. Rothschild and Sons and brokers to the issue are Cazenove and Scrimgeour Kemp-Gee.

Continued from Page 1

Tanker

been about 3-1 in favour of the offer.

The key factor in the BP decision, again thought likely to be crucial, is that of productivity payments, which are considerably higher than those paid by the other companies.

A payment of £24 is added to a basic rate of £113.50 for a total of £137.50. BP believes the offer could result in potential average earnings of £217.

In contrast, Esso makes no productivity payment and this is thought likely to increase the militancy of its drivers. Texaco and Shell pay £18 for a total of £131.50

Thatcher

Continued from Page 1

Thatcher made it clear that the Government will not initiate any moves to include MPs other than ministers in the present inter-governmental contracts. She referred to the existing Anglo-Irish parliamentary group of MPs and said they *might wish to expand and* broaden their contacts.

Indeed, she hoped the idea would be taken up. But the Government would not intervene.

However, she emphasised that there would be room for contact between Northern and Southern Irish representatives within the new advisory committee on economics, social and cultural co-operation, which will be set up as an adjunct to the new council.

"I hope that this committee will hvae a wide membership, representative of a broad cross-section of ordinary people and organisations with interests in this country and in the Republic of Ireland," she said.

In Dublin yesterday, the last remnants of bi-partisanship in Ireland's policies on Northern Ireland disappeared as Mr Charles Haughey, leader of the Opposition, repeated his criticism of the agreement to set up an inter-governmental co-operative council.

Continued from Page 1

Tea strike

working week shows no sign of the promised flexibility.

National union-management talks over how the shorter working week should be funded broke down last Thursday. The company decided to go ahead with plans to reduce the "relaxation allowance," for things such as tea brokers, subject to negotiations at plant level.

Mr Ken Cure, AUEW executive council member for the *West Midlands,* said that the company hoped that a "softly softly catchee monkey" approach would have brought in the changes without a response from the workforce.

"Unfortunately, I believe they have now found that they have got hold of King Kong."

Mr Geoff Armstrong, BL's industial relations director, told Mr Cure yesterday that the company would *not reconsider* the reduction in the relaxation allowance.

It is understood that no further meetings are planned at national official level.

At Longbridge even before the company implemented the planned 11-minute cut in relaxation time to 40 minutes a day, 1,000 men on the Metro and Mini night-shift assembly walked out.

THE LEX COLUMN

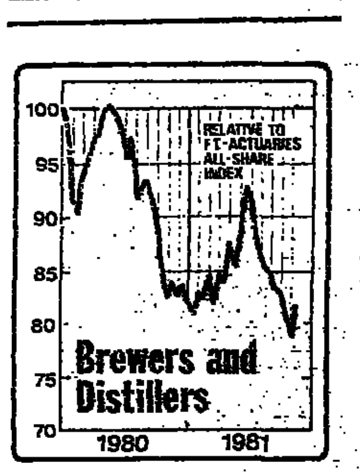
Testing times for the CU

Commercial Union is approaching the eye of the storm. Its major development programme in the U.S. has coincided with a severe downturn in business conditions, which is likely to continue into 1982. As a result, its underwriting losses have actually exceeded investment income in the U.S. after nine months by some £9m, and there is also a pre-tax loss of about £4m in the troubled Canadian market. Although investment income is rising at an underlying rate of 19 per cent, pre-tax profits are down from £81.7m to £60.2m, which is two-fifths below the level in 1979.

The operating ratio in the U.S. is 109.6 per cent, and seems likely to deteriorate by several points next year. Within that, the claims ratio is rather better than the industry average, although the margin has *narrowed lately.* But the expense ratio is still very high, *following heavy investment in* new products and systems. The group is succeeding in increasing its market share, with U.S. premiums rising by 23 per cent, and its expense ratio has stopped rising. But the outcome of the U.S. strategy will not be clear for some time yet, and meantime the stock market's lack of confidence is reflected in a prospective dividend yield of 12 per cent or more.

The group faces a relatively low tax charge on profits this year of, say, £80m—but even so a dividend costing up to £48m will only just be covered. Next year, the squeeze could be even tighter. What happens thereafter will make—or mar—a fair number of City reputations.

Index fell 8.2 to 502.7



Northern Foods

The acquisition of Bluebird last year for $70m cash left Northern Foods with a fairly high level of gearing—net borrowings equalled 46 per cent of tangible equity in the September 1980 balance sheet. The group is generating cash from trading, but it is also actively looking for another significant *acquisition (possibly in the U.S. again);* hence yesterday's one-for-five rights issue, the first since 1975, to raise £43m gross. The result will be a negligible level of debt and net worth in the region of £170m.

For the year just ended Northern estimates profits of £34m before tax and profit-sharing, against £31.6m in 1979-80. This means a virtual standstill in *the second half, when a solid* enough performance in the UK was offset by a decline at Bluebird, the product of destocking, high U.S. finance costs and an *uncomfortable stage of the hog* cycle. Things are now beginning to come right in America, but the experience at home is rather patchy.

Even if trading in the current year is not exactly thrilling, Northern in its present shape should produce some increase in earnings per share. On an ex-rights, ex-dividend price of 140p the prospective p/e is around 14 and the well-covered yield is over 5 per cent. Whether Northern can keep up its recent pace of growth through acquisition must be open to question: but on its record few companies can have more justification for raising new equity.

Whitbread

Whitbread continues to cut *overheads but not fast enough* to compensate for a sharp fall in volume sales. UK beer production dropped around 7½ per cent in the 12 months to August and, with Whitbread emphasising gross margin more than most, the fall in its own volume was rather greater.

So net trading margins have been squeezed slightly and pre-tax profits have probably risen only because of a restatement of rationalisation costs, which are now taken below the line. The reported figures show a rise to £38.5m from £35.5m in the half year to August. Whitbread eliminated about 600 jobs in the latest six months, representing a gross annual saving of maybe £5m, and there are more redundancies to come. The reorganisation will make Whitbread a leaner animal but the *benefit of the Chiswell Street* sale is now coming to an e[nd] and the pressure on cash fl[ow] will become more pronounced

The interest charge could ri[se] to around £9m in the secon[d] half, when Whitbread will struggling to match a ve[ry] strong period in the previo[us] year. The meagre increase the interim dividend contribut[ed] to yesterday's 3p fall in t[he] share price to 139p. The shar[e] yield 6.6 per cent on a 7½p tot[al] dividend.

De La Rue

For a supposed growth sto[ck] De La Rue turned in a unco[m]fortable set of interim figur[es] yesterday, showing a 27 per ce[nt] drop in pre-tax profits to £10½ Not surprisingly, the sha[re] price took a tumble—down 3[..] to 607p—to produce a yield 5 per cent.

But the decline is attributab[le] wholly to a turnround at Cro[s]field Electronics from a £1.3 profit to a loss of £5.7m. Th[e] cause has been the clum[sy] introduction of a new range Magnascans — scanners f[or] colour printing—which dried u[p] demand for the older gener[a]tion. So the figures may repr[e]sent only a hiccough in th[e] company's progress, particular[ly] since the order book has r[e]bounded to the high levels of 1979 and 1980. The introdu[c]tion of the lasergravure an[d] new bank note sorting machine has also gone well. Meanwhil[e] the basic security business co[n]tinues to move ahead strongl[y]. The pre-tax outcome for th[e] year may exceed £30m, again[st] £33m, with a significant boost i[n] prospect for 1982.

Markets

The gilt-edged market' greedy consumption of ta[p] stock on Monday produced nasty bout of indigestio[n] yesterday; not all the pu[r]chasers of this 16-year bon[d] seem keen to hang on unt[il] Friday, when a £705m call due. The large rise in sterli[ng] M3 in the month to mi[d] October—1½ per cent or slight[ly] more, according to the Bank England—taken together with £389m repayment of centr[al] government borrowing calendar October confirms t[he] impression of a sharp swi[ng] into surplus in the Gover[n]ment's finances during th[e] month. Public expenditure believe it or not, below budg[et] but the banking figures sh[ow] continuing buoyancy in p[er]sonal sector credit dema[nd] despite the sharp rise in ba[se] rates.

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V G H